CARNEGIE PENSIONS

BY

J. McKEEN CATTELL

TOGETHER WITH

EXTRACTS FROM LETTERS FROM TWO HUNDRED AND FOURTEEN COLLEGE AND UNIVERSITY PROFESSORS, AN ARTICLE ON THE HISTORY OF THE CARNEGIE FOUNDATION BY JOSEPH JASTROW, AND THE REPORTS OF THE COMMITTEE ON PENSIONS AND INSURANCE OF THE AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS

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PREFACE

THE Carnegie Foundation has made lavish distribution of its literature; it seems desirable that the position adverse to its plans for the control of academic teachers should be stated in accessible form. There are consequently here reproduced several articles that I have written on the subject, including extracts from 214 letters by university and college professors; an article on the history of the foundation by Professor Jastrow, and the reports of the committee on pensions and insurance of the American Association of University Professors. Permission has been obtained from Professor Jastrow for the use of his article. The reports of the committee of the American Association of University Professors were printed in a journal that I edit, but the association is not responsible for their present republication.

Dr. Henry S. Pritchett, president of the Carnegie Foundation and of the new Carnegie Company, opens his article on "The Pension Problem and its Solution" in the December (1918) issue of *The Atlantic Monthly* with the definition of "Pension" in Dr. Johnson's Dictionary:

> An allowance made to any one without equivalent. In England, it is generally understood to mean pay given to a state hireling for treason to his country.

He characterizes the effects on the professor of the foundation that he has administered for thirteen years as follows:

> Aside from the economic and financial weaknesses which have just been alluded to, there is a more serious objection to the free pension which only those who have administered such a system can fully understand. This lies in the fact that, to get something for nothing, or to seem to get something for nothing, has always proved demoralizing. The so-called free pension is perhaps the most prolific breeder of human selfishness ever set up in the social order.

Dr. Nicholas Murray Butler, president of Columbia University and a member of the executive committee of the Carnegie Foundation, in one of his last reports quotes the sentiment: "Academic freedom means freedom to say what you think without thinking what you say," and he writes still more explicitly in the *Educational Review:*

> Truly the academic animal is a queer beast. If he can not have something at which to growl and snarl, he will growl and snarl at nothing at all.

These remarks by those responsible for the administration of Carnegie Pensions scarcely exhibit an attitude proper for the conduct of a foundation established to "encourage, uphold and dignify the profession of the teacher and the cause of higher education." They are quoted in order to use the authority of office as a shield for the character of the counter-statements made by

college and university professors in some of the letters here printed.

Criticism is always ungracious; it is futile unless it leads to construction. Mr. Carnegie and Mr. Rockefeller have had the best of intentions in making their large endowments; most of those who conduct these foundations and most of the trustees and executive officers of our endowed universities have sincere faith in the methods that they use and in the objects that they seek to accomplish. But a democracy can not submit to the policy that the common people should do the work assigned to them and leave it to the king and his lords to care for them.

As is shown in this book, the teachers directly concerned hold by a majority of fifty to one that the plans of the Carnegie Foundation are unsatisfactory. The only solution is to change the plans. The first step should be to discard those responsible for the existing situation; then the teachers should come into control of a foundation established for their benefit.

J. McK. C.

Garrison-on-Hudson, N. Y.
May, 1919

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LIFE INSURANCE AND ANNUITIES FOR ACADEMIC TEACHERS[1]

When Mr. Andrew Carnegie made in 1905 his munificent gift of ten million dollars to establish the Carnegie Foundation for the Advancement of Teaching, he wrote to the trustees: "Expert calculation shows that the revenue will be ample" "to provide retiring pensions for the teachers of universities, colleges and technical schools in our country, Canada and New Foundland." The university presidents who formed the board of trustees may have calculated that the fund would provide large subsidies for their institutions, but it is difficult to guess who could have made the calculation that the income from ten million dollars would permanently provide pensions for college and university teachers throughout North America.

The president of Columbia University in his annual report for 1906 stated that the cost of the Carnegie retiring allowance to the professor, if in middle life, "would be not less than $1,200 annually." If all the teachers were in middle life, the total annual cost of the system for Columbia alone would consequently be twice the whole income of the foundation. The present writer printed in 1909 the basis for the calcula-

[1] Printed in *School and Society*, November 9, 1918.

tion that forty years hence a complete pension system for academic teachers might require two hundred times the income of the foundation.

The inevitable has happened, as it inevitably does. The foundation was compelled to limit the institutions included in its list, so that, for example, at present only four pensions are paid in the state of Illinois. It was compelled to give up its length of service pensions, even for those to whom they had been promised; it was compelled two years ago to abandon the whole plan of free pensions; it now finds that its resources will not pay the obligations into which it has already entered.

All sorts of irrelevant explanations have been offered by the president of the foundation, Dr. Pritchett, and by the trustees for these various steps. Institutions were not worthy to be included. Thus, to take an example, which at the same time illustrates the pernicious control that the foundation has sought to exercise even over state universities, the University of Illinois was informed, at the time when the funds of the foundation were exhausted, that pensions could not be granted to the professors in its academic departments at Urbana unless it would alter the conduct of its medical school at Chicago. In like manner the governor of Ohio was informed that the universities of the state must be "reconstructed" on lines laid down by the foundation if the professors in the Ohio State University were to hope for pensions.

When the foundation found that it had no money to pay the length of service pensions, which were one of the two objects specified in its charter, it did not mention its financial inability, but the president announced that it had been discovered that the effect of the length of service pensions was not "good" owing to "the opportunity which is opened to bring pressure to bear on the teacher, or by the tendency of the teacher assured of a retiring allowance to become ultra-critical toward the administration." When the foundation could no longer pay the old-age pensions it had promised, it was announced that it is bad for teachers to "have the risk of dependence lifted from them by free gift," that it is "even an embarrassing use of trust funds." But now finally, when it can no longer be concealed, confession of insolvency is made.[2]

Whether what the officers of the foundation call the "expectations" of the professors, namely, the promises of the foundation, are contracts is a question that the courts may be called upon to decide. Professors have in many cases moved from an independent institution to a Carnegie

[2] The most severe arraignment of the foundation will be found in the annual reports of the president. A critical review has been published by Professor Joseph Jastrow in *School and Society*, October 7, 1916. The present writer has discussed the conduct of the foundation in *Science*, April 24, 1908, April 2, 1909, March 11, 1910, December 2, 1910, March 3, 1911 and April 15, 1916.

institution in view of the promise of a pension; they have given up lucrative business or professional careers owing to the permanence of tenure and the pensions that have been guaranteed, and the like. It may be that the courts will decide that the promises of payment for these services are contracts, in which case the corporation will be technically bankrupt. In any case it is morally insolvent, and it might be supposed that it would place its affairs in the hands of a receiver selected by its creditors for such adjustments as can be made with least injury to them.

But the president of the Carnegie Foundation and the presidents of universities who are its trustees cling to their power to control our academic institutions and their teachers. They have grasped "the skirts of circumstance." No longer having money to pay for their overlordship, they have devised a plan of contributory and compulsory annuities which will compel institutions and teachers to pay for their own subjection.

Industrial workers understand how completely pension systems place them at the mercy of their employers. Thus a trade-union paper remarks:

> Twenty years of continuous, faithful service are demanded by most pension-advertising corporations before the worker is entitled to a certain monthly or weekly allowance. Twenty years during which time the slave

must always be humble, never grumble, do everything demanded, never think of trying to better his conditions, be always satisfied, and never, never join his fellows in an organization for the purpose of enforcing demands he individually can not obtain. And this is the kernel contained in the sugar-coated pension pill.

In the case of college and university teachers a pension system may prove particularly pernicious, for it can be used to control not only their freedom of action, but also their freedom of teaching and of investigation. President Butler's statement is quoted above to the effect that the cost of a pension may be $1,200 a year to the professor. This considerable sum is withheld from his salary, to be repaid ultimately for good behavior. The professor who does not see eye to eye with Wall Street and Trinity Church may be compelled to sacrifice either his intellectual integrity or his wife and children. He is under heavy bonds to keep the peace; but it will be the peace of the desert.

The control which a pension system may seek to exercise can be illustrated by an example. When in 1910 the present writer enquired[3] whether he could obtain the length of service pension which the rules of the Carnegie Foundation had provided, the president in his reply described the inquisition that would be undertaken into his scientific ability and said in conclusion:

[3] The correspondence is printed in *Science,* December 2, 1910.

I ought to add that the foundation would view with grave concern the possibility of your withdrawal from editorial duties. We should find it difficult to get along without the aid of your kindly and encouraging editorial scrutiny.

To this the reply was made:

Your last paragraph is presumably only legitimate irony; but it is open to the unfortunate interpretation that beneficiaries of the foundation may not criticize its conduct or the educational schemes it promotes.

Professor Josiah Royce, one of the greatest and noblest of our teachers, in a criticism[4] of the unjustifiable interference of the Carnegie Foundation with the affairs of Middlebury College, wrote with reference to this incident:

The Carnegie Foundation is from its very nature not responsible in any obvious and regular way to existing academic opinion. It carries out the wishes of its founder as interpreted by a board of trustees whose powers are, comparatively speaking, autocratic. This board inevitably represents the judgment of administrators rather than the judgment of teachers. Experience has shown that the foundation is not very sensitive to the opinion of teachers. In a well-known case, when an eminent teacher whom we all value expressed a plain and not unreasonable opinion of some of its acts, the reply of the Carnegie Foundation, through its president, was a sarcastic intimation, which could only be understood as meaning that some people ought to mind their own business.

It is possible that it may on the average be to the financial advantage of an institution to re-

[4] *School and Society,* January 30, 1915.

tire professors at the age of sixty-five. It is doubtless so if the pension is paid by an outside corporation or by enforced contributions from the professors. But it is not an advantage to the teacher to be dismissed from his life work and be relieved of half of his salary at a time of life when men in other professions and in business are active and earning larger incomes than ever before. When in recent years the writer wanted the best legal advice in New York City he consulted Mr. Choate; when he wanted the best medical advice he consulted Dr. Jacobi; when he wanted the best possible article to inaugurate *School and Society* he obtained it from President Eliot. None of these men lost his intellectual vigor in the eighties. Now when I want the best actuarial advice in New York City I consult an actuary seventy-four years of age. My two great teachers in psychology—Professor March, of Lafayette College and Professor Wundt, of the University of Leipzig—continued their teaching until they were over eighty.

The situation of the professor is peculiar because the continuation of his work after the age of sixty-five years depends on the favor of the president. The president decides each year whether the professor shall be kept on, judging his competence for the work, and being influenced by other considerations, such as the means of the institution, the availability of a successor, the professor's "loyalty" to him personally, and

the like. The whole theory of permanence of tenure on which the low salary of the professor is based breaks down at the age of sixty-five. Any one familiar with the conditions at a university such as Columbia, will know the bitterness and humiliation which result from dropping men as they grow older on the ground of alleged incompetence. The professorship should be a life office, as it is in Great Britain, in France and in Germany. The older teachers should be relieved of work that they find irksome or can not do to advantage; and teachers should be entitled to a pension for disability at any age.

Any plan for the retirement of older or disabled professors should be left to the institutions in which they teach. If the pension is paid from outside sources, the temptation of the president to retire the professor prematurely is greatly enhanced. Most of the eastern universities had pension systems, which were contracts with their professors, before the Carnegie Foundation intervened. That corporation should have used its income, or preferably its capital, to establish disability pension systems in institutions where they did not exist, and to strengthen the systems in the interest of the institution and its professors where they were already in operation. Variation in different institutions would allow opportunity for the survival of the fit; and the ablest men would go to the institution offering the plan most acceptable to them. By its meth-

ods of centralization and outside control the Carnegie Foundation has done its share to demoralize the entire university situation.

Instead of confessing their incompetence and insolvency and leaving pension systems to the educational institutions where they belong, the university presidents who are the trustees of the Carnegie Foundation now propose to maintain and even enlarge their control of academic teachers by establishing a contributory and compulsory system of annuities. The American Association of University Professors appointed a committee of twenty-four with Harlan I. Stone, dean of the Columbia Law School, as chairman, to report on the situation. This committee drew up a careful report[5] in which it says:

> Thus it seems clear that the Carnegie Foundation is under moral obligations, not only to individuals, but to the institutions themselves, not to deprive teachers in the accepted institutions of their present expectancy of a pension. There is no middle ground for the compromise of moral obligations. We are therefore of the opinion that the Carnegie Foundation should not assume any new functions until its present obligations both moral and legal are examined with precision, and provision made explicitly for meeting those obligations.

The committee further says in the concluding paragraph of its report:

> The unfortunate financial history of the foundation, the suggested change in its fundamental purpose under the guise of a change of rules relating to its administra-

[5] Printed in *School and Society,* December 2, 1916.

tion, the defects and omissions in the proposed Comprehensive Plan of Insurance and the unconvincing character of the reasons which are urged for the change, have resulted in a loss of confidence in the foundation on the part of American university teachers. No man enjoying a wide acquaintance with members of the profession can have any doubt of this fact. If evidence of it were needed, it may be found in the reports of various committees of university faculties, appointed to consider the Comprehensive Plan of Insurance and Annuities, such as, for example, the reports of Cornell, Harvard, Princeton, Stanford Universities, the University of Wisconsin and Johns Hopkins University. Such lack of confidence must inevitably impair the usefulness of the foundation, and make it difficult, if not impossible, to solve satisfactorily the problems which are pressing for solution.

This report compelled the Carnegie Foundation to submit to asking the cooperation of the American Association of University Professors. A commission was appointed containing six representatives of the Carnegie Foundation, two of the American Association of University Professors and one each of the Association of American Universities, the National Association of State Universities and the Association of American Colleges. This commission of course found that the foundation was insolvent. For the present group of accepted institutions and teachers, the annual cost (if retirement is at sixty-five) would ultimately be $2,226,422. The income from the endowment of the foundation in 1917 was $519,862. The commission recommended

that the foundation should first meet its existing obligations—which it assumed was possible through the Carnegie Corporation, to which Mr. Carnegie has given $125,000,000 to underwrite the foundations that bear his name. It then outlined a plan for contributory pensions to take the place of the free pensions of the insolvent foundation.

The executive committee of the Carnegie Foundation, headed by President Nicholas Murray Butler, has now issued a report. The Carnegie Corporation has consented to contribute $11,000,000 which will enable the foundation to meet about two thirds of the engagements that it has already contracted. The pensions provided are to be reduced in size, so that ultimately the professor retiring at the age of sixty-five will receive two thirds of the pension promised, and less if he has no living wife. It remains to be seen whether the American Association of University Professors will accept this compromise of the foundation with its creditors.

At the same time there has been made public the proposed charter (since granted) of the Teachers' Insurance and Annuity Association of America, the incorporators being headed with the names of Elihu Root and Nicholas Murray Butler. The Carnegie Corporation provides a million dollars for capital and surplus and owns the stock. It is not a mutual company, but its business is to be conducted without profit to it

or its stockholders, and it is said that arrangements may later be made by which the policy holders may participate in the management.

The plans for insurance and annuities of this association are not yet announced, but they are foreshadowed by statements of Dr. Pritchett, who is on the interlocking directorates of the three corporations, and by the commission of which also he was a member. It is proposed that the association shall write term insurance, expiring at sixty-five or later, the purchase of which is to be optional with the teacher. The premiums will be computed on the basis of the American Experience Table and 3½ per cent. interest. It is then proposed that "the annuitant, or his college, or the two together, will contract to pay to the association 'level' premiums of a certain amount each year until the annuitant reaches his sixty-fifth year." Provision is made for repayment in case of death or retirement. The accumulation will be invested by the association and will be converted into an annuity on the basis of McClintock's Table and 4 per cent. interest. The purchase of the annuity is to be compulsory for all teachers in institutions that join in the plan.[6]

[6] Most of the state universities have been eager to obtain the free pensions of the Carnegie Foundation, but it is not likely that they will contribute to the purchase of annuities for their professors from a private corporation. A charming memorandum was submitted by the

It is announced that the association will not contract for an annuity of any stated amount, nor to compound the payments at any stated rate of interest, but that the foundation will guarantee 4½ per cent. Dr. Pritchett realizes the difference, for he says: "Whether the individual participates in insurance or in a deferred annuity, he can be secure only when the relation is contractual." This is certainly understood by teachers to whom the Carnegie Foundation has not paid the length of service pensions which it had promised and by those to whom it will not pay the old-age pensions which it had promised. There are, however, men of business who like to believe that their word is as good as their bond.

Unlike the Carnegie Foundation the new scheme has had expert actuarial advice. An association writing life insurance for teachers on the basis of the American Experience Table and

commission to the Carnegie Foundation to the effect that "in state-supported institutions of higher education whose standards are in conformity with the rules of the foundation, such institutions may be admitted to the benefit of the new system" when the governing board approves of the principle of institutional contribution, "meanwhile recommending and permitting the eligible faculty as a group, to carry the entire burden of necessary contribution for themselves and on behalf of the institution." It was later also voted that the foundation should consider extending the same privilege to endowed institutions. An unusual "benefit" is certainly extended to professors in institutions "whose standards are in conformity with the rules of the foundation."

$3\frac{1}{2}$ per cent. interest will earn large profits if properly managed. Teachers have an expectation of life much above that of the American Experience Table, and the present rate of interest, which is likely to continue or increase, is much above $3\frac{1}{2}$ per cent. The association will not contract to give the insured the benefit of profits accruing on account of a higher rate of interest, but expects to provide for a distribution of bonuses.

The new association obviously does not offer academic teachers anything that they can not obtain from the standard companies. It does not provide for disability allowances which are what is most needed. The association, however, has what amounts to an endowment of one million dollars, and is dealing with preferred lives. It may be able to divide profits larger than the dividends of the mutual companies. This, however, is not certain. There are at present 6,593 teachers in the Carnegie institutions, seventy of our more than seven hundred colleges and universities. If the association writes 10,000 policies, it will have an annual subsidy of $5 for each; if 20,000, it will have $2.50. It may be that this amount will not cover the additional overhead and agency expenses of a comparatively small company, operating in all the states and in Canada. The standard companies must maintain agencies, legal departments and medical service everywhere, and the cost divided among

a million policy holders is obviously much less than it would be if the cost of a similar service is divided among 10,000 policy holders.

The question, however, is not financial only, or chiefly. The fundamental problem is whether it is for the ultimate welfare of academic teachers to be compelled to purchase annuities in a company controlled by university presidents. The interest of the university and of its professors should be identical, but this is impossible until the professors have some control in the university. At present almost every professor in every university wants his salary increased; the president sits on the safety valve as long as he dares. The professor wants freedom; the president has his eye on students, alumni and benefactors, and wants a personal machine to run the institution. Compulsory retirement on an annuity at the age of sixty-five, or at the option of the president, especially when the annuity has been purchased by the professor, may work extraordinary hardship to him, and may be used to keep him in a condition of servitude.

Academic teachers are face to face with a difficult situation and one vital to them. It is fortunate that they have a well-organized and powerful body in the American Association of University Professors. This association was represented on the commission which drew up the plans for the Teachers' Insurance and Annuity Association by two members, selected,

however, for their actuarial knowledge, rather than for their interest in academic freedom. They were subordinated to four associations representing college and university presidents. The Carnegie Foundation has not followed the recommendations of the commission even though it was dominated by Dr. Pritchett and the other trustees of the foundation. It has not provided for the payment of its existing obligations; it will not establish disability pensions; it does not permit the American Association of University Professors to share in the management.

The problem is now under consideration by the representative committee of the American Association of University Professors. This committee and the teachers of the country may accept the plan and seek to guide it in a direction that will benefit them and avoid the subjection of the teacher to the administration. Probably this can only be accomplished by abolishing the compulsory feature and permitting the teacher to purchase his insurance, and an annuity, if he wants one, in the new association or wherever he can do so to the best advantage and with the least danger to his freedom of action, of teaching and of research.

But other plans should be considered now if ever, and there are at least two alternatives. The teachers might form a mutual company of their own or they might unite to secure favorable methods and terms from one of the standard companies.

A mutual company limited to teachers and scientific men has always appealed to the present writer and he had under constant consideration efforts to organize such a company before the ill-starred Carnegie Foundation intervened to disrupt the existing pension policies of our universities and the insurance policies of individuals. At that time the writer carried life insurance of $20,000. He estimates that a company would make a clear excess profit of $5,000 on a $20,000 straight life policy, if the expectation of life of a university professor of good heredity and habits is five years greater than the average.

The company would on the average receive the premium payments for five years longer, say, $1,500, and if the insured lived five years beyond the average age it would have the interest of $20,000 for five years, say at compound interest $5,000. These excess profits of $6,500 would on the average be reduced somewhat, for, while the excess profits on the policies of those who died earlier would be in proportion, the absolute amount would be less. One may, however, guess that a company which insures for $20,000 a life with an expectation five years beyond the average makes an excess profit in the neighborhood of $5,000. A stock company would make profits of fifty million dollars by insuring 10,000 such lives.

It is almost certain that college and university teachers have an expectation of life beyond the

average, but we do not know how large it is. It could readily be determined by a competent actuary, and somewhat comparable data are available in the experience of organizations such as the Presbyterian Ministers Fund. For its policy holders the actual mortality has in recent years been less than half the expected mortality. According to the data in the writer's "Statistical Study of American Men of Science" the death rate of those under fifty from 1904 to 1910 was about three per thousand as compared with an expected mortality of about ten.

For an insurance company a capital of $100,000 and a surplus of $50,000 are required by the New York state laws. If one hundred and fifty college teachers and scientific men would form a company, each taking a share at $1,000, no one being permitted to hold more than one share or to transfer his share to any one but a teacher, and if such a company wrote insurance for teachers on the basis of the American Experience Table and 3½ per cent. interest, it would with proper management be financially successful. It might also arrange life insurance and annuities more favorable to the independence of the teacher than can be expected from an association controlled by university presidents and having ulterior motives.

For example, Dr Pritchett thinks that life insurance is of no use after the age of sixty-five; but some of us even at that age may be con-

cerned about our children and our grandchildren. We may also not care to have our savings converted by compulsion into an annuity which lapses at death and leaves nothing for our heirs. As a psychologist the writer is concerned with types, and two of those which he has proposed are two opposite kinds of men, those who take out life insurance and those who buy annuities. Ten years ago he wrote to Dr. Pritchett:[7]

> It appears to me that most healthy-minded men are more concerned with provision for their families in case of disablement or death than with anxiety as to their own old age. I sympathize with those who take out life insurance, not with those who buy annuities, and it gives me no satisfaction to be put by force of circumstance into the latter class. I should like to exchange my annuity for life insurance of equal value, and I believe that this would be the nearly unanimous preference of my colleagues.

The Carnegie Foundation adds substantially to the incomes of accepted universities and colleges, but it does not greatly assist the individual professor. The provision for retirement for age does not help at all in institutions that already had a pension system; in other accepted institutions the salaries will be adjusted with reference to the pension, and the only individuals who benefit are some of the older men in institutions without a pension system for whom the benefit is retroactive. Apart from this group, the benefit to the individual—and only until readjustment of salaries takes place—is confined to the length of service provision, the wisdom of

[7] The correspondence is printed in the issue of *Science* for April 24, 1908.

which is doubtful, and the widow's pension, which only applies at the age when it is least needed, and if adminstered as a charity would in the long run be, as you say, "sure to harm rather than to help the teacher and the cause of education."

If the professor must be the *Versuchstier* of paternalism, is not the German system—by which he receives his salary for life, being relieved from service if disabled by illness or old age, and his widow and each of his minor children receive a pension—the best plan both for the professor and for the university. And, if so, could not the Carnegie Foundation bring about this system by offering endowments to those institutions that would adopt it?

Probably the form of insurance making the strongest appeal to married teachers is the endowment policy. In a standard company a forty-year term endowment policy for $5,000 can be purchased at the age of thirty for an annual premium of about $100. If the insured dies before the age of seventy his family receives the $5,000; otherwise he himself receives that amount when he reaches that age. If then he has no dependents, or if he has no better use for the money, he can convert it into an annuity of about $700. As the salary of the teacher increases he can, if he sees fit, purchase additional endowment policies to make his capital at the age of seventy, or his annuity if he wants one, as large as may be desirable. If he becomes disabled before the age of seventy, he can obtain the accrued value of his policy; or if he continues to teach beyond the age of seventy he can

buy a larger annuity. This gives the teacher much greater freedom in the use of his savings, and does not subject him to the whim of the administration, as does the enforced purchase of an annuity accruing at the age of sixty-five and followed by enforced retirement.

While a mutual company established and controlled by teachers would give them greater freedom and more advantages than a stock company owned by the Carnegie Corporation, it would lack the endowment of one million dollars. The Carnegie Corporation may hold that the price of a university professor is only five dollars a year. It is also the case that a small company would have the same excessive cost of administration as the Carnegie scheme. Either company, writing insurance on preferred lives on the basis of the American Experience Table and 3½ per cent. interest, would be profitable, but the dividends might be less than those of the standard mutual companies selecting their lives by the usual methods.

To avoid the cost and loss of time inevitable in the conduct of a small insurance company, a society of teachers might be formed without capital that would reinsure the lives of its members in one of the standard companies, or one of these companies might be shown the desirability of establishing a group or department for academic teachers. The companies are prevented by law

from giving preferred rates to preferred lives. This is a curious social anomaly. Bad risks when known must pay a higher premium, but preferred lives are given no advantage for their better heredity and habits. An actuary once said to the writer that preferred lives had to be obtained by his company to balance bad risks insured unawares. That is to say, university professors must pay the premiums of those who fall into intemperance or contract venereal disease. Even when professions are equally useful to society, there appears to be no reason why teachers should pay the premiums of physicians, whose expectation of life is probably five years less.

The problem would perhaps receive the best solution if one of the great mutual companies would consent to form a department for teachers and keep their insurance premiums in a separate account, paying back the dividends that were earned by the group. Teachers would earn the higher rate of interest which money now pays and would in addition obtain insurance at the rate warranted by their greater expectation of life. They would be free from the control of the Carnegie-Pritchett-Butler combination.

The question is of vital importance for the welfare of teachers and for the future of our colleges and universities. It should receive care-

ful consideration while it is still open. The magnitude of the problem is enhanced by the fact that it concerns closely the pension systems of public schools, and indeed all professional, industrial and governmental life insurance, disability allowances and old-age pensions.

THE "POLICIES" OF THE CARNEGIE COMPANY[1]

THE article on "Life Insurance and Annuities for Academic Teachers," printed in the issue of *School and Society* for November 9, was sent to a number of college and university professors, with the request for an expression of opinion on the subject. Those to whom the article was sent were selected to represent different subjects and institutions, without reference to the writer's acquaintance with them or knowledge of their views. They were asked to check one of the three statements here reproduced, the number of the votes for each[2] being as shown.

The plans of the Carnegie Foundation for life insurance and annuities seem to be satisfactory....	13
It seems to be desirable to consider alternative plans under the control of the teachers concerned......	636
The recipient is not prepared to express an opinion at the present time[3]...........................	104

[1] Printed in *School and Society*, January 4, 1919. This name is used for brevity and accuracy. The Carnegie-Pritchett Company is certainly not what it calls itself, a "Teachers Association." We thus have three interlocked concerns—The Carnegie Corporation, with a capital of $125,000,000; The Carnegie Foundation, now insolvent, and the Carnegie Company, with a capital of $1,000,000.

[2] There were six mixed ballots.

[3] A large part of those who are not prepared to express

The Carnegie Foundation certainly received an unlucky vote; 636 to 13 is a majority not often recorded. Indeed an almost incredible situation has arisen, for the Carnegie Company claims to have been established for the benefit of exactly those who state by a majority of fifty to one that its plans are unsatisfactory. We are told by the management that the company is "the concrete embodiment of those principles, as finally reached with the cooperation of the teachers in the institutions associated with the Foundation and of representative academic and actuarial societies," but the teachers repudiate "those principles" with an emphasis of combined opinion approaching unanimity.

In addition to the vote, about two hundred letters have been received, some of them brief notes, others detailed discussions of the situation. If all of us had as much money to spend on printing as the Carnegie Foundation, it might be desirable to reproduce the letters. It is, however, only possible to print some of them in full or brief extracts from all of them. The latter plan has been followed, extracts being quoted from each letter that expresses any opin-

an opinion between the two alternatives and at the same time write letters of explanation state that they are opposed to the Carnegie Foundation scheme, but also object to plans under the control of teachers, because they do not trust the business qualifications of their colleagues or because they regard the existing companies as adequate.

ion. The most definite and striking sentence or paragraph has been selected and this does not always represent the entire viewpoint of a letter; but the extracts taken together give a correct and impressive exhibit of the consensus of opinion of college and university professors. The names of the individual writers are immaterial, for we are concerned only with the group, and the same reasons which make a secret ballot essential to a democracy lead to the withholding of the names. Most of the writers would doubtless have pleasure in giving their names and showing their complete letters to officers of the foundation. The extracts here printed are from all letters received prior to December 1. Many others have since been received, extracts from which will be printed later.

The new Carnegie Foundation plan seems to me promising, because I believe that in principle some contribution by beneficiaries should be made, and believe further that this contribution should be compulsory, or at least unfailing.

I should have to depend upon the testimony of actuaries as to the new proposition, and they seem to think that is the best way out of the difficulty.

It seems to me that Mr. Carnegie's gift horse has been looked too critically in the mouth.

I believe in the idea of getting a better plan from the Carnegie Foundation, if possible.

I have read your article with great interest and general sympathy. While I do not regard the plan of the Foundation as entirely satisfactory, I do not wish to be

thought to be expressing an opinion that it is unsatisfactory *faute de mieux.*

My present view is that alternative plans should be considered, and particularly the plan which you advocate of placing the whole matter of insurance under the control of the teachers concerned. Nevertheless, I still am rather of the opinion that the insurance of college teachers should not be absolutely divorced from the Carnegie Foundation.

Existing insurance companies are sufficient.

Of the two plans proposed, I regard the second as *preferable,* but neither as desirable.

I believe that professors through an authorized agent should inaugurate an insurance system, but that it should be managed and controlled by a reputable insurance company.

My position is that we should act through the American Association of University Professors.

The advantage of unanimous action as presumably representing the profession is not to be neglected.

My impression is that a joint scheme is preferable.

Not sure teachers concerned could control or administrate fund, but thank you for keeping up the agitation and showing status from time to time.

Personally, I would not care to have anything to do with either plan. In the interest of the younger men in the teaching profession I consider the second as much preferable and have therefore marked my assent to it.

I do not favor compulsory insurance.

I am not in favor of any plan of compulsory insurance.

Even if it should not prove feasible to carry through any of the proposals outlined in your article in *School and Society,* I should think it better for a university

teacher to go to one of the old-line companies and pay the regular rates, rather than to entrust his fortunes and those of his family to the trustees of the Carnegie Foundation.

I have long since lost interest in the doings of the Carnegie Institution. I hope my plans to be absolutely independent of any expectations from their fund will not miscarry.

I no longer have any interest or confidence in the Foundation and have thought only of depending on commercial insurance companies.

Sometimes I think it would be well to go in with them, and sometimes I feel that there is no use of putting good money after bad in the hands of dishonest people.

If the Carnegie Foundation wishes to help the financial status of university professors, surely the best plan is one, often mentioned by you, of so endowing universities that they may make the salaries of their professors for *life,* with suitable provisions for widows or dependents.

Your article is both able and interesting. But quite independently of it, I should consider it better judgment to invest in a regular insurance company consisting of business men, rather than in an amateur organization which dabbles in insurance.

The teachers concerned should have some control of the provisions which are to be made.

I should certainly be glad to join any real professors' insurance scheme.

I have no hesitation whatsoever in joining you in the statement that alternative plans certainly should be considered and in my judgment these ought to be under the control of teachers.

I don't care for any protection after I am sixty-five. If I have health up to that time, I shall provide for

myself and if I can not I am not worth being provided for except possibly by pauper agencies. What I want is a little protection against the nightmare of disability during the years I am struggling to make way in a profession where advancement comes slowly and where the founding of a family is a bitter struggle.

Buying insurance in the regular markets would have the added value of being left to the free choice of the purchaser. Such a scheme would have a further advantage of removing any tendency of thought or policy control by an outside institution such as the Carnegie Foundation or any of the proposed substitutes.

I resigned my professorship last June. After eighteen years in service I found that I must better provide for the present and future welfare of my family. I believe that the Carnegie Foundation has shown poor management by inexcusably undertaking a plan that it can not fulfill.

Teachers like all other people should be free to take or not take insurance—and by any method they please—without advice from others unless the advice is requested.

You certainly deserve the thanks of the academic world for persisting in the good work. Whether enough money can be found among our poor professors to organize a mutual stock company, I know not.

If institutions are prepared to pay pensions as a matter of right—as compensation for inadequate pay on active service—well and good. Otherwise the matter would better be left to the individual in my opinion—or to a voluntary association of the individuals.

I would like to make my vote stronger.

No compulsion of any sort.

Most desirable to consider alternative plans.

Thank you for this clear and forceful discussion. Will

be glad if I can ever render any assistance along these lines.

It seems to me that the problem is very clearly put and analyzed.

I heartily agree with you that the conditions are very undesirable.

The mistake is to compel retirement at sixty-five. The proportion of men doing good work up to seventy-five or even later is very considerable among scientific men and scholars.

If college teachers are to be pensioned the inevitable tendency will be for salaries to remain low. With low salaries college teachers have slight freedom and limited influence.

On what ground do the present trustees insist on standing between Mr. Carnegie and the profession he planned to serve? We now have the agency that may relieve them of their burdens.

It is absurd that a foundation for the advancement of teaching should put a premium on the exploitation of teachers by selfish executives. But the teacher's problem is bigger than any question of pensions and, instead of wasting much time on the Carnegie Foundation, I think we should make its benefits, if they are such, negligible by a concerted effort: (1) to protect the older men and women now employed, (2) to encourage younger persons of promise in the profession to get out of it, and (3) to bring every effort to bear upon those who are not yet in it to keep out of it until teachers all the way from the kindergarten to the universities are paid a salary consistent with financial self-respect.

I have always resented the scheme as a kind of charity and I do not think that charity is a good principle, but I believe firmly that professorial positions should be

for life; that the professors should be relieved of teaching only in case of disability regardless of their age, and that either the institutions employing the professors or the whole nation should pay in case of such disability due to sickness, accident or advanced age.

I have been watching with much interest your fight for a democratic government in educational institutions. It seems to me that in these days when we are talking much of "world democracy," that you are justified in advocating a measure of "educational democracy."

Our president and board of regents have always been wary of being dominated by an educational taskmaster. Personally, I have no inclination to take advantage of their plan, since I can discover no guarantee that this venture will have any more success than the former one. It seems to me to be highly desirable to form a company in which teachers could profit by sound management and yet not pay the excessive costs of advertising and solicitation.

It seems to me the teaching profession should be independent from any close corporation. In other words we should have democracy in education and a freedom to express our opinion on educational matters. I do not see how a state institution could be independent if it were attached to the Carnegie Foundation.

Guarantee of College and University Professors: (1) Much higher salaries to attract more men of ability to the profession. (2) Life tenure or during mental and physical ability to perform his duties. (3) Protection against disability at any and all times and at any age. (4) Protection for widow and minor children at any time.

I favor keeping clear of the Carnegie plans.

With good and fervent wishes for the success of your efforts.

One thing is clear—that the plans of the Carnegie Foundation are unsatisfactory and untrustworthy .

It seems evident that the Carnegie Foundation has failed, and I doubt if I could ever be prevailed upon to contribute any part of my small salary to such management as the Foundation has enjoyed. In fact I came to the decision some time ago that I should never subscribe to compulsory insurance of any sort, even if by so refusing, I found it necessary to seek another profession.

The American Association of University Professors should not wait another day to voice its radical dissent from the views of President Pritchett and his associates, and to repudiate the Foundation both as an organ of public charity and of educational influence.

I have heard many unfavorable criticisms of the Carnegie scheme which have created a feeling of distrust in my mind towards the scheme, but the basis of the criticism has never been clear to me until I read your article. I welcome the enlightenment and guidance which it brings.

I have long since lost confidence in the Carnegie Foundation and last week increased my life insurance to the limit I feel able to carry.

College teachers are said to be poor financiers, but I do not think the Carnegie Foundation Trustees can hand them much. It would be unspeakable to be *compelled* to entrust one's insurance to them.

Any scheme of insurance, annuities, pensions or what not that is not based upon the wholly voluntary support of those presumably to be benefited should be rejected by self-respecting citizens.

You have made a real contribution to the cause and problem of teacher's insurance. I think the time has come for the college men to take up in earnest this vital interest of the guild.

I am in full sympathy with your sharp criticism of the Carnegie Foundation administration.

With best wishes for strength and skill to your right arm in your struggle for academic democracy.

I am in hearty accord with your article on the Carnegie Foundation, as well as with your views on *other subjects* as far as I have heard them expressed.

Your suggestion seems to cover the ground exactly. Certainly the less we have to do with a quasi-charitable organization the better.

I have followed your articles from the first and *always* agreed.

Allow me to express my sincere thanks for the stand you have taken and are taking against the subjugation of teachers and investigators. If the present unfortunate conditions both intellectually and financially are not soon ameliorated, the professions mentioned will inevitably be avoided by all self-respecting men of ability.

I want to insure where I can get the best treatment which does not seem to be what you name the C—P—B combination; and I like independence and propose to keep it even if I have to get out of teaching.

I am beginning to think that any salary, any pension is good enough for men who will put up with the treatment professors do put up with in the matter of both salaries and discipline.

I know the Carnegie Foundation has made an utter failure of the work entrusted to it and that it should be reorganized or go out of business.

I had not, until I read your admirable article, perceived the relation between the proposed annuity-insurance scheme and the control of college professors by trustees and presidents. I was, and am still more strongly, since reading your article, opposed to the Carnegie Foundation scheme.

I want to thank you for this admirable critique of a condition of affairs that concerns all of us. I have for years followed your independent attitude on this and on many subjects. While, of course, not always in agreement upon smaller matters, may I none the less take this occasion to express my substantial agreement with you and admiration for your courage?

I hope it may be possible to get the benefit of insurance and endowment free from the Prussian control you are so valiantly denouncing.

I am convinced that it is necessary for the teachers to take positive action by way of defense against the designs of the Carnegie Foundation. We should never consent to any scheme of pensions except one formed on the mutual plan and under the complete control of the teachers themselves.

You and Professor Jastrow deserve our thanks for your careful analyses (moral as well as financial) of the mismanagement of the C. F.

In my opinion the Foundation has failed utterly to do that for which it was founded. I don't care to express any opinion as to the incompetence or dishonesty of those who have been managing it, but I can't see how they can escape one charge or the other.

What is needed is another foundation whose integrity, wisdom and financial stability renders it like Cæsar's wife. I hope that your activities in this field will bear fruit positive.

So far as actually losing money is concerned, I presume the Carnegie Flounderation has escaped; but why a concern so conspicuously ill-managed, as regards the main purpose for which it was publicly declared to be founded, should expect to command the confidence and respect of trustees and faculties of American colleges, I can not see. Its ''scraps of paper'' are vanderlipped away in a manner fürst understood in Prussia.

I have always been unalterably opposed to both the principle and practise of the Carnegie Foundation pension fund for academic teachers. The whole plan has always appealed to me as a kind of mortgage upon the energies and ambitions of the young teacher at usurious rates of interest.

It is my opinion that the proper course to pursue is, if possible, to put the affairs of the foundation in the hands of a receiver; let this receiver meet the existing obligations of the foundation so far as the funds will allow, and go out of business.

Of course no new chains must be forged for the academic profession; the old ones are bad enough.

I entirely agree with you that the Carnegie system was one which was fraught with the greatest danger to freedom of thought and the development of the social sciences. I am glad that it was so poorly planned that its failure is assured.

It has always been a mystery to me that every single teacher in private conversation sympathizes with your point of view while very few of them dare openly react against the continued humiliation inflicted upon our profession. . . . Carnegie plus our academic system of administration has broken our back-bones.

I have no sympathy with the methods of ''The Carnegie Foundation for the Control of Teaching'' (and teachers), because it has been so repeatedly shown that they were based on incomplete data, bad logic, and inexpert specialists, even if they were not tricky or worse.

The whole business is an insult to the intelligence of the teaching profession—an excuse for keeping capable men on starvation salaries during their productive years in the vain hope of having their declining years provided for by charity—an excuse for universities to discontinue retiring allowances for honorable service.

The plan proposed is unsatisfactory. My impression is that professors have no confidence in the Pritchett-Butler gang, and feel that the sooner the Carnegie Foundation is rid of this incubus the better.

The great calamity befalling professors in recent years was the giving of the Carnegie millions. Would that he had kept them.

It's just as necessary to human freedom to shatter the educational autocracies as it is to blow up those of a political sort.

The parallel with the German situation is obvious. But I suspect that the Kaiser will surrender before Pritchett. There is less excuse for the latter to hang on.

It is going to be hard enough to teach in an American university and retain one's self respect apart from the activities of this Foundation. What I think we ought to do is to utterly ignore the Carnegie Foundation, and all its works. Moreover we should make it clear that we do so because it has brazenly disregarded all its promises, and because its only apparent *raison d'être* is to exercise an external, non-academic control over the souls of American university teachers.

Words can scarcely be framed to express the criminal and selfish culpability of the trustees of the Foundation. This, however, is only one of the many symptoms of the disease affecting our colleges, namely "presidentitis."

The original Carnegie Pension Foundation, as worked out by the board, is scandalous and the new scheme appeals to me as even worse.

The conduct of the Carnegie Foundation has been an insult to the intelligence and an affront to the integrity of the teaching profession.

These statements are so clear and direct that comment is not required. Of the eighty-eight

letters only one is mildly favorable to the Carnegie Foundation and its ways, three or four are exculpatory, the great majority are severe arraignments. The letters also show widespread discontent with the position of the professor in the American university. This is even more the case in the full letters than in the extracts which have been selected with special reference to the Carnegie plans. The situation seems to have become worse, or better understood, since the present writer published in 1913 three hundred letters on the subject in his book on "University Control."

The "Handbook of Life Insurance and Annuity Policies for Teachers" has now been published by the "Teachers Insurance and Annuity Association of America," and articles of elucidation and edification have appeared by the president of the Carnegie Foundation and of the new company in the *Atlantic Monthly*,[4] and by the secretary of the two corporations in President Butler's *Educational Review*.

The "Handbook" is obviously from the hand of the same Mr. Pecksniff who has produced the unlucky thirteen annual reports of the president

[4] Conducted by Dr. Pritchett's fellow trustee in the control of the New York *Evening Post* under the ownership of Mr. Lamont, of J. P. Morgan and Company, and a trustee of the Carnegie Company. Shall we now find in the *Post* the vigorous criticisms of the Carnegie Foundation which appeared there when it was controlled by Mr. Villard and when Dr. Franklin was one of the editors?

of the Carnegie Foundation. We are told:

> The teacher whose retirement allowance is secured by a Deferred Annuity policy on the Teachers Retirement Plan will enjoy a protection fundamentally more secure and equitable than one whose reliance must be upon a pension payable at the discretion of a Board of Regents or of Trustees.
>
> **A Non-forfeitable Pension**
>
> From the moment the first premium is paid on such a policy, the teacher will become the owner of a policy or contract which neither his employer nor the Association will have any power to modify adversely to his interests, etc.

Dr. Pritchett actually informs us that we can trust his new company because the laws will compel it to keep its contracts, whereas it is within the discretion of regents or trustees to keep their promises, which they are liable to modify adversely to the interests of the teacher. This has in fact been done by the trustees of the Carnegie Foundation and of Columbia University; but surely boards of regents and trustees usually follow the ordinary standards of business honor. It has besides not yet been decided by the courts that a promise in dependence on which a teacher has acted is not a contract.

The Carnegie Company says it is "created not to get but to give," therefore:

> Its policies, further, will be free from any speculative element; they will be what is called non-participating.

The consideration shown to the teacher in freeing him from the "speculative element" of re-

ceiving the dividends earned by his excess payments on his policy is truly Pritchettarian.

The company increases its rates by 11.11 per cent. in case the policy holder is no longer employed by a college or university. The "Handbook" says:

> For technical reasons, it seems best to accomplish the same result by adding a small percentage to the net premium rates and providing for a reduction on each premium paid while the policy-holder remains a member of the profession.

The "technical reasons" are to evade the discrimination laws which provide that no company "shall make or permit any discrimination between individuals of the same class or of equal expectation of life in the amount of payment or the return of premiums or rates charged for policies of insurance." The expedient seems to be of somewhat doubtful legality. The object, of course, is to make it harder for a teacher to escape from an undesirable position.

It is not necessary to describe in detail the policies offered by the Carnegie Company for its "Handbook" has been widely distributed and can be obtained on application. They are similar to those of the standard companies (except the undesirable features of its deferred annuity), and, what is truly surprising, the charges are also the same. The "Handbook" says of the new company:

> Its situation is quite different from that of the solicit-

ing company. Through an endowment, contributed in the form of capital and surplus, it is able to offer insurance at cost, without overhead charges which in the ordinary company absorb a considerable proportion of the premiums paid by the policy-holders.

It is further said:

It is believed that college teachers are subject to lower rates than ordinary holders of insurance and that in time this should result in a lowering of the cost of insurance for a group composed of such teachers.

After reading this and much more to the effect, the teacher will be interested in the following comparison with the rates of the two largest American companies, both mutual (owned by the policy holders and returning the profits in dividends), and a standard non-participating company.

PREMIUMS FOR $1,000 INSURANCE AT AGE 35

Company	Ordinary Life	20-Year Term[5]	30-Year Endowment
Carnegie Company:			
Teachers	20.19	27.57	26.59
Escaped teachers	22.41	30.60	29.51
Prudential[6]	21.90	29.76	28.02
Metropolitan[6]	22.00[7]	29.76	28.02
Travelers	20.11	27.67	26.84

[5] The term policies of the Carnegie Company are particularly undesirable for the teacher, because they do not contain the usual provision permitting renewal without a medical examination.

[6] The rates quoted for the Prudential and Metropolitan will be reduced by the payment of dividends.

[7] Endowment at age 85.

THE ANNUITY (MALE) PURCHASED BY $1,000 AT AGE 65

Carnegie Company	$113.24[8]
Prudential	112.61[9]
Metropolitan	116.92[9]
Travelers	115.14[9]

No reference is made in the "Handbook" as to what will be done with the large surplus that will undoubtedly accumulate at the rates charged by the company; but the charter reads:

The purpose of the corporation is . . . to conduct its business without profit to the corporation or to its stockholders; and the corporation shall transact its business exclusively upon a non-mutual basis and shall issue only non-participating policies.

The trustees of the Carnegie Corporation can not divide the profits among themselves (except by salaries such as the Hughes insurance investigation disclosed), but they can use it for the further control of teachers.

The only adequate reason why a teacher should purchase life insurance or an annuity in the Carnegie Company is because he is compelled to do so by the institution which employs him. The deferred annuities, which are the real *raison d'être* of the company, are particularly adverse to the interests of the teacher. The joint commission, on which representatives of the American Association of University Professors came to an agreement with Dr. Pritchett, adopted the following provision:

[8] Payable monthly.

[9] Payable annually.

The association will contract that if the annuitant retires from the profession of teaching prior to the age of sixty-five, it will return to the annuitant the premiums that have been paid to the association by the annuitant alone (or by the annuitant and his college), prior to his retirement, with compound interest at the rate of 3½ per cent.

This right is now withdrawn and the teacher once caught in the net of the company is there for life.[10] Yet we tell our students that slavery has been abolished in the United States.

The control of the professor's freedom of action and of thought is so disastrous that the financial clipping to which he is inured is trivial in comparison. It may, however, be noted that the joint commission decided that the foundation should guarantee four and one half per cent. interest on the annuity payments, and that this is now reduced to four per cent. No provision is made for insurance against disability. The usual medical examination and statements concerning physical condition, etc., are required.

10 The Carnegie Company also ignores the recommendation of the joint commission that all possible consideration be given to the needs of older teachers who enter the system. If a man does so at the age of sixty, he would have to pay over $5,000 a year to obtain an annuity of $2,500 at the age of sixty-five. If Columbia University requires all its professors to purchase deferred annuities and the University of Chicago retains its pension system, how can a professor go from Chicago to Columbia?

The "Handbook" however, offers the following notable privilege:

No physical examination is required if the application is for a deferred annuity, or for a life annuity.

In fact the teacher who had paid premiums for thirty years and on reaching the age of sixty-four finds that he is suffering from Bright's disease or cancer, not only is not required to take a physical examination, but the company is so considerate of his interests as to compel him to purchase the annuity. If the teacher takes out an endowment policy in a standard company, he can, of course, obtain the accrued value of his policy (after three years in some companies) and on reaching the age of sixty-five he can purchase an annuity or use the money in any other way that he sees fit.

An inexplicable provision of the deferred annuity of the Carnegie Company is that it unites a queer form of life insurance with the annuity. If the annuitized teacher dies before the payment of his annuity begins, the premiums with interest are paid to his heirs in 120 monthly installments. The teacher is, of course, compelled to pay for this insurance at the regular rates. It is the most undesirable insurance possible, for it is least when most needed and most when least needed. If the ordinary $10-a-month prospective annuitant dies at the end of the first year, when he may leave a wife with young

children, they will receive $1.02 per month for ten years. After forty years of payment the accumulation amounts to $11,649.[11]

The reverse form of policy would be useful—the writer does not understand why it is not offered—in which the premium is constant through life and the proceeds decrease each year with decreased need and the increased chances of death. Thus if $120 were paid annually (and there were no expenses) the family of the insured should receive about $30,000 if he died[12] at the age of 25, $20,000 at 35, $10,000 at 45, $5,000 at 55 and $2,500 at 65.

A teacher with a dependent wife and young children should insure his life for a sum that will yield at least one half the income that he earns. This is usually possible by the purchase of term insurance; but it can not be done in the Carnegie Company which limits its policies to $10,000, although it provides for the sale of annuities of the capital value of $50,000 to $100,000. It is further the case that if a teacher is forced to purchase an annuity, he will find it

[11] If the teacher invests his own money and its interest in government bonds it will amount to a much larger sum after forty years and will in the meanwhile be decidedly safer. But he will lose the "privilege" of being forced to purchase an annuity with it, whether he wants one or not.

[12] The chances being about 4 in 1,000 for the general population; the amount of insurance for the teacher should be at least 50 per cent. more.

by no means easy to purchase life insurance. In advocating the plan that educational institutions shall require the purchase of deferred annuities, leaving life insurance optional and even making it difficult, the Carnegie Foundation does what it can to cultivate in the young teacher a selfish and even an anti-social attitude. The entire scheme is arranged to enable the administration to drop older teachers when it no longer wants them.

According to the plan of the Carnegie Foundation and the Carnegie Company, teachers above the rank of instructor in associated institutions are to be compelled to purchase deferred annuities to the extent of 10 per cent. of their salaries, 5 per cent. to be deducted from the salary and 5 per cent. to be paid by the institution. It should be clearly understood that the 5 per cent. paid by the institution will be deducted from future increase in salary. When this was first stated by the present writer in 1908, it was denied by Dr. Pritchett, but he has learned it in the course of his education, to which he so frequently refers in his reports and articles. Thus the "Handbook" says:

> Teachers who have followed the discussion of pensions during recent years will understand that the contribution made by a college or university to a teacher's annuity will inevitably in the course of time be considered as a part of his salary. This result must always follow on any such arrangement between two parties who have to each other the relation of employer and employee.

There is at the present time imminent danger that the management of colleges and universities, in order to annuitize their teachers and thus provide for dismissing them at sixty-five and holding them in more complete subjection in the meanwhile, will persuade them to accept the annuity system on the ground that it will provide an immediate five per cent. increase in salary, although according to the present value of the dollars in which salaries are paid an increase of more than 50 per cent. is now overdue. The example will probably be set by such institutions as Columbia, Harvard and Yale, whose presidents are trustees of the foundation and have assisted in framing the scheme. Teachers may even be told that unless they accept the plan, their institution will no longer be associated with the foundation and their older colleagues will be deprived of the pensions now promised by the foundation. It is perhaps to prepare us for the contingency that the foundation will once more do away with what it calls "the expectations" (*i. e.*, expectations that the foundation will keep its promises) of teachers, that Dr. Pritchett so frequently reminds us, to quote again from the "Handbook," that:

> No arrangement for such retirement will be satisfactory to either the college or to the teacher except one that has the definiteness and security of a contract.

The standard companies seem to be in every way preferable to the Carnegie Company. They

have the advantage of reliability with no likelihood of interference with the freedom of the teacher. The difficulty is that the cost is greater with them, as it is with the Carnegie Company, than the teacher should be compelled to pay. The premiums for insurance are based on the American Experience Table, three and one half per cent. interest and a loading for expenses. The death rate of professors under fifty is less than half that of the American Experience Table and probably twenty per cent. less than the average of accepted risks. Interest is now much higher than three and one half per cent. The expenses of the standard companies are over twenty per cent. of the premiums received and are largely due to the cost of obtaining business, which is an added charge to those who do not require solicitation. Perhaps a professor of good heredity and habits pays twice the net value of his insurance.

Thus to take a case where the conditions are the simplest, in England (where vital statistics are properly compiled) the death rate between the ages of 25 and 35 is 4.5 per thousand. To secure $1,000 insurance (apart from costs) it should be necessary to pay only $4.50 a year. But this is for the general population, including defectives and criminals, drunkards, those with syphilis, tuberculosis and all sorts of diseases that would disqualify for academic positions; it includes the submerged classes, those

exposed to excessive hours of labor and abnormal risks, those improperly fed, clothed and housed, without education or decent medical attendance.

It is unscientific to make guesses concerning quantitative relations, but it seems probable that the annual death rate of academic teachers between the ages of 25 and 35 is not more than 3 per thousand, and after a medical examination it may be not more than 2. They ought to pay (if costs of management are excluded) $2 to $3 per $1,000 of insurance. But the Carnegie Company charges $8.21, or $9.12 to escaped teachers. It is also the case that the death rate is lower at the beginning than at the end of the ten-year period and the company earns a considerable sum in interest. If the company should insure ten thousand teachers and ex-teachers for an average of $10,000 at an average rate of $8.50 per thousand they would pay it $850,000 a year and it would return to them $200,000 to $300,000. As the Carnegie is not a mutual company, it is not clear where these profits would go; but it is certain that it is not the company which confers the benefit.

The greater expectation of life which the professor is assumed to have reverses the situation in the case of annuities; but the annuitants used in the McClintock tables have also an expectation of life beyond the average, for those do not buy annuities who foresee an early death. It is also the case that the lower death rate of

professors is greater at earlier than at later ages. The duration of life after seventy depends chiefly on original constitution or heredity; the death rate under fifty is influenced largely by economic situation, habits, exposure to risks and the like, in regard to which the professor is favorably placed. If all teachers are forced by their institutions to purchase deferred annuities, and only acceptable risks are insured, the Carnegie Company gets them coming and gets them going.

The teacher, like the industrial worker, passes through an economic life cycle. He must be supported in childhood and should be supported until he completes his education. Teachers who find employment in one of the Carnegie institutions receive an average salary of $1,200 at the age of 28, which is the average age of marriage. However prosperous a married man of twenty-eight, maintaining the standards of a university teacher, may be on a salary of $1,200—the wages and board of two domestic servants now amount to about $1,600—he is better off economically than he will be later, if he has children to support. He will have a salary of $1,700 at the age of 35, and $500 will not feed and clothe two or three children. If the children are properly educated, their cost increases more rapidly than the salary of their father, even if he is promoted in a Carnegie institution. It is not until the children become self-supporting and the father is in the fifties with a salary of

$3,000 that his economic situation improves somewhat. His salary will not thereafter increase appreciably; but he may no longer support dependent children. In the Carnegie institutions he is liable to be turned off at sixty-five with about half salary, now decreased through the inability of the foundation to keep its promises.

Wealth should be distributed with reference to both service and need; some method must be found to equalize the inequalities that occur during the life of an individual. Children are no longer an economic asset to their parents, least of all in the educated classes; neither can the employer of the father be expected to pay for them. But children are of greater economic value than ever before to the state; the children of the academic class are probably of an average economic value of over $100,000, in that they produce during their lives that much wealth beyond what they consume. Ultimately the state will pay for the bearing, the rearing and the education of its children. In the meanwhile we face a difficult situation. It is met by the teacher in large measure by not having the children, his average family being about 1.5. But this is a method undesirable for the individual, disastrous to the state.[13]

[13] The economic inequality of the life cycle has been made greater in a curious way by increased longevity. When the parents died at the average age of fifty their

As the dependent child must ultimately be cared for by the state, so the disabled worker should be supported by the state. The risk of prolonged incapacity during the working period is extremely small and the cost of insurance should be correspondingly low. But the risk, though remote, is a constant menace to the underpaid teacher. The Carnegie Company, in not providing for insurance against it, makes an exhibit of permanent incapacity on its part. The disability of old age is not of long average duration. It is normally provided for by savings or by the dutiful repayment of the children's obligations. As has been stated the inequalities and risks of the economic life-cycle should be equalized by the state. Until we have reached that stage of civilization, insurance is necessary and pensions may be desirable. So we must meet the immediate problem.

Whether the Carnegie Company can be of use is entirely dependent on its being made either a mutual company owned by the policy holders or a stock company owned by representatives of the academic teachers of the country. If the present owners are unwilling to agree to this, they demonstrate their lack of good faith and

property went to the children when needed for the support of their own children. Now when parents die at the average age of over seventy their property goes to their children when least needed. Inheritances should go to grandchildren.

proclaim that they are there not to benefit teachers, but to control them.

The only objection to the standard companies is their excessive charges. It may be possible to arrange with one of them to offer insurance and annuities to a large group of teachers on some mutual plan that will enable them to pay only for what they get. Or it may be possible to organize a new company that will accomplish this result. If university and college professors should establish an insurance company they would not transact its details; they would only elect trustees or directors. There is no reason why they should not do so as efficiently as the Carnegie Corporation. The difference would be that the trustees would be elected by the teachers to conduct the work in their interests instead of being appointed by Dr. Pritchett and Dr. Butler to do as they are bid. It is also true that the earned surplus would be used for the benefit of teachers instead of being a menace to them.

There is no warrant for the common opinion that teachers and professors are poor men of business or inefficient in the conduct of affairs. It requires executive skill to conduct a laboratory or department; the professor of the novel and the stage survives only there. The reputation of professors for business incompetence is due to absorption in their work, to the inadequate salaries they accept in order to do the work they want to do, and to their futility in faculty meet-

ings. The latter situation is caused in large measure by lack of power to accomplish anything worth while and is besides a symptom of all large groups meeting for discussion at long intervals. University presidents are supposed to be efficient and are selected for all sorts of outside jobs from the presidency of the nation down to pulling wires for Mr. Barnes of Albany. These presidents were once professors and have usually been elected for traits, such as success in after-dinner speaking, not related to business efficiency; they represent in this respect about the average level of the professor. When presidents who undertake to control hundreds of millions of dollars of university property, thousands of professors and tens of thousands of students meet once a year as trustees of the Carnegie Foundation, they prove more hopelessly inefficient than any college faculty.

It is, however, true that teachers are a difficult group. They impose their discipline and their opinions on immature students and are intellectually individualistic, they are paid and controlled by superior officials and are socially submissive; they are consequently hard to lead and easy to drive. But the situation is not hopeless. The intellectual initiative of teachers may lead them to see the need of reforms, while their subjection to administrative machinery has become so intolerable that they may be driven to enact their Magna Charta. Real progress has been

made in the organization of the American Association of University Professors, but we can only hope for a slow development of the "consciousness of kind." When the present writer first proposed the establishment of such an association his plans were more directly in the form of a union. It might now be desirable for the more radical academic teachers to form a national union affiliated with the American Federation of Labor.

Agitation and the capitalization of discontent may be unladylike; but they may also be the price of liberty. President Butler in his last report to the trustees of Columbia University tells them what he thinks of those whom he calls "academic Bolsheviki"; but their ferment has more promise than the dry rot of the rule of Czar Nicholas. Liberty, though the name may be "soiled by all ignoble use," is the religion of the teacher. He must maintain at any sacrifice his freedom of investigation and of thought, his freedom of teaching and of speech. If he submits to the violation of his intellectual integrity, the colors of his academic hood are no more honorable than the colors on the syphilitic face. University professors can not allow themselves to be placed in the economically dependent classes, for then they are in danger of being forced into the intellectually dependent classes. And that would be the end of us.

THE VERDICT OF COLLEGE AND UNIVERSITY PROFESSORS[1]

In general, I trust the Carnegie Foundation, and I am not able to say in what respect the insurance plan could be better. It seems to me we should be prepared to cooperate, unless a fairer and safer plan is offered us.

I have a reasonable degree of confidence that if I live a few years more I shall receive the expected pension from the Carnegie Foundation; but I have never based my own conduct on this expectation. I have never thought that I had a claim against the foundation. And in general, I believe life is happier if, without pusillanimity, claims are not unduly exaggerated and unduly pressed, as seems to me to be the case with those professors whose voices are just now most loudly heard. Let the professor, like the shoemaker, stick to his business.

Personally I am satisfied with the scheme worked out by the Carnegie Foundation. What I believe to be an open-minded and efficient effort at service has been far too much the subject of attack by individuals who can easily avoid having anything to do with its benefactions. On the other hand, I fully agree with you that other

[1] Extracts from all letters received subsequent to those printed in the article on "The 'Policies' of the Carnegie Company."

insurance schemes should be seriously studied by college men. You have again keenly analyzed an important situation and as usual made a fundamental contribution to the solution of the problem created by it.

I CONSIDER the Carnegie pension in the light of back pay for the older teachers. The insurance and annuity company may be a good investment for the younger teachers.

I AM not an expert in actuarial science and can therefore offer no useful comments.

I AM not prepared to express an opinion at the present time relative to the various life insurance and pension plans proposed.

IT would give me much pleasure to assist you in the investigation, so I am particularly sorry to be insufficiently informed to express an opinion on the problem of academic insurance and annuities.

MY personal opinion is that some special form of insurance and annuities for university men is desirable and the general idea of the Carnegie Foundation that the institutions should pay part of the cost of the insurance is a good one. However, the plan as proposed seems to me to be lacking in so many important details that it is scarcely possible to give an opinion either for or against at the present time.

I AM assured by friends conversant with actu-

arial practise that if the Carnegie Foundation enters into contractual relations with its beneficiaries and the various institutions assume some share (50 per cent.) of the premium burden it would be a good thing, as it embodies the idea of group insurance which would help many not otherwise insurable. Personally I left the Carnegie Foundation plans out of consideration in attempting to provide for my period of inactivity.

My own opinion regarding this plan is that it is probably as favorable a one as we can expect from the foundation. In their original plans they evidently undertook to do what was impossible, and the present proposals are perhaps the best way out of the difficulty. In one respect, however, I believe that the plans of the foundation should be modified, namely, the members of the teaching profession should have a majority in the board of control of the proposed insurance company.

The pension scheme evolved by the Carnegie Foundation seems alluring on the face of it, but if any compulsory pension scheme is instituted it should be controlled by those whose money is concerned.

I do not think the present plan should be accepted without some consideration and perhaps revision, from the point of view of the professors. Since the foundation was in their interest and they are mature men, the adoption or rejection

of it should not be denied to them, and should be accepted or modified by them at their pleasure. I do not approve of any compulsory form of insurance.

Together with all others who are interested in this matter, I have regretted greatly the repeated change of plan that the trustees have found necessity for making. . . . Together with many others, I have been looking to comparative freedom from financial responsibilities when my teaching term is concluded, and I believe that it would be unfortunate materially to change the fundamental idea of the foundation in such a way as to take away from teachers the possibility of compensation when their periods of service have been completed.

The foundation had a fine original aim and the donor deserves our respect and gratitude, but the present administration has made so many changes, not merely in its rules but in its statements of underlying principles, that it can neither receive nor expect the continued confidence of members of our profession. I find it difficult to understand, therefore, how any member of the profession can regard it as otherwise than desirable to consider alternative plans under the control (partial if not complete) of the teachers concerned.

It seems to me that the Carnegie Foundation had pretty nearly the right idea in the begin-

ning and that it made a great contribution to educational progress by introducing it. It is not clear to me that they were wise or ethical in their jugglings with the original plan. . . . It is essentially unfair that the large number of men who intend to do and who will do good work in their leisure time should be compelled to contribute to the endowment of this quasi-research professorate. The working man loafs or enjoys himself outside his eight hours, without productive effort. A producer ought not to pay for the privilege, but be paid for his product.

The life insurance plans of the foundation are *not satisfactory,* but neither are any of the alternative plans. An insurance corporation is a very different sort of an organization from the foundation. No matter how bad a reputation the managers of the foundation may have acquired, it is clear that the insurance corporation will have to carry out written contracts. . . . I think that we should make a very stiff fight to force the foundation to prepare satisfactory plans.

Considering that the Carnegie Foundation has of itself stated that it will be or is unable to meet the pensions expected; and also admitting that there is a considerable financial reserve already at hand in this foundation, it would seem to be desirable to make a definite effort to establish tentative coordination between a "representative body of teachers" and the Carnegie Foun-

dation rather than try to set up an independent insurance company under the sole control of the teachers themselves. How such a representative body may be organized and made authoritative I do not know. From the nature of the case it is not probable that any compulsory plans will ever be agreeable to most of the profession.

In discussing a Professors Insurance Company it seems to be tacitly assumed that such a company would have marked advantages over existing insurance companies. In the case of the Presbyterian Ministers' Fund I believe the rates are unusually low. Are there other special companies of this sort which show similar low rates? Can not we have a report on this company and other similar companies, if they exist, by a competent actuary, showing why these rates are low and whether professors might expect similar rates in a new company formed in the near future? Unless some distinct advantage could be almost guaranteed in a special company most of us would prefer to deal with the old reliable companies.

I believe in cooperative insurance. Only competent actuaries can judge whether a proposed scheme will work. I am glad to see the Carnegie millions do any good they can do. But first I should like to see the foundation carry out Mr. Carnegie's expressed purpose.

Publicity and fair criticism are having a most

wholesome effect, and the teaching profession is very greatly indebted to you for your work and influence along these lines.

I AM in favor of the plan under teachers' control; that this should be worked out carefully by a committee appointed by the Association of University Professors.

I FAVOR the Carnegie Foundation submitting a plan that the teachers may voluntarily accept.

I AM enclosing my ballot on the matter of life insurance. Many thanks for your illuminating article on the subject.

YOU may record my vote under the head "It seems desirable to consider alternative plans, etc."

PERMIT me to add that I have read your article with much interest and appreciation.

CONSIDERATION of alternative plans is decidedly advisable.

I VOTE heartily [for alternative plans].

I AM quite clear that it is highly desirable to consider alternative plans under the control of the teachers concerned.

I SHOULD like to see a life insurance society for teachers modeled on that of the Presbyterian clergy.

THE Carnegie Foundation plan does *not* seem to be satisfactory.

I CAN only voice my doubt and dissatisfaction in regard to the pension situation.

PROFESSORS do not wish insurance and annuities, but adequate salaries.

I AGREE with those who think we should, if possible, act through the American Association of University Professors. I dislike the notion of compulsory insurance.

NEITHER the Carnegie Foundation nor the discussions to which it has given rise have added, it seems to me, dignity to the teaching profession. While personally rejecting it under any guise, I marked the second plan in the interests of those who hope for its future helpfulness.

MUCH interested and amused by outpourings of professors recently published. No doubt sincere, but they do not talk that way even in faculty meetings, much less in public. We are as much an anonymous profession as editors.

I SHOULD like to see the Carnegie fund applied to carrying out its promises as far as it will go. I think it has been useful as an object-lesson. First: in showing what a terrible need there was of relief. Second: it actually has helped a goodly number and deserving people. Third: it has shown how not to do the thing it set out to do.

I CONSIDER the Carnegie plan very unsatisfactory. The alternate plan is the lesser of the two evils. Compulsory insurance may work to the

advantage of some of the younger men in the teaching profession. Personally, however, I should prefer to get my insurance from the existing companies.

No insurance plan should be approved that contains a compulsory provision. Any plan worthy of being supported because of aid or protection which it may offer to the teaching profession should be subject to the control of the teachers themselves.

I DOUBT whether it is desirable to obtain a more "democratic" administration of the Carnegie Foundation. The most satisfactory course, apart from provision by the individual institutions, is that of securing some properly preferential treatment from the established insurance companies.

I AM quite strongly of the opinion that any plan for the pensioning of university teachers should be entirely divorced from The Carnegie Foundation. I trust that the committee of the American Association of University Professors will continue its study of the problem, and be able to present at some annual meeting a plan for the self-insurance of the teachers, supplemented possibly by partial payments from the universities. This plan preferably should be worked out in connection with one or more of the old-line companies.

I HAVE only had a doubtful confidence in their various plans from the beginning, which has diminished as I have gathered information from casual sources. From the first I have continued my insurance and other financial arrangements in complete disregard of the Carnegie Foundation. From what I know, therefore, I certainly would not vote that their plan is satisfactory. On the other hand, my opinion, I must say, is one of prejudice. Therefore, having so much faith and confidence in your integrity, I would rather leave it that if you think my vote can fairly be placed as favoring alternative plans, you may place it there.

MY own opinion is that it would be much better if money available for such purposes were given to various institutions for the express purpose of increasing the salaries of the professors, leaving it to them to make personal arrangements for their old age. College salaries at present are not a living wage.

I AM opposed to retirement at sixty-five and to any compulsory plan of insurance. I favor decidedly higher salaries, so that the university professor may provide for himself and his family instead of depending on others to do so when his days of service are over.

I OBJECT to compulsory insurance. I consider that neither the Carnegie Foundation nor the regents of a university have the right to decide

how an instructor shall be insured. It seems to me that any plan of dictatorial insurance interferes with the personal rights of an individual. Existing insurance companies are sufficient. Therefore I consider the Carnegie proposals as meddling interference.

The ordinary professor would feel very much better about the matter in question could he be assured that the pension system would be managed by the men most interested—*i. e.*, by the professors themselves—and could he also have in some way his confidence in the Carnegie Foundation restored.

It may be that the foundation can not extricate itself from its present difficulty without working injustice; but, if so, a frank admission of the injustice might help to restore confidence in its intentions.

I am entirely out of sympathy with the present management of the Carnegie fund.

I most emphatically desire salary enough to do my own providing for the future for myself and family. No scheme of salary held back is trustworthy.

It seems to be desirable to consider alternative plans under the control of the teachers concerned. I have confidence in their ability, honesty and earnestness.

From the first the Carnegie Foundation has

been a disappointment, and I am no longer interested in its plans or work.

We have our own pension fund having been excluded from the Carnegie by reason of "sectarianism." It is the kind of sectarianism I now appreciate.

It used to be a cause for complaint in that we were not on the foundation but as things have turned out, there is no one now who regrets that we are still "off." Surely it is desirable that plans such as you suggest should be considered. The Carnegie proposition I would have none of.

If I wanted insurance I certainly should not go to the Carnegie board for it. There is in my mind no doubt that the original purpose of the foundation was good. Unfortunately the trustees selected have not proved themselves to be the proper persons.

Since receiving the Handbook of Insurance and Annuities for Teachers I have made up my mind to keep such insurance as I have in the standard companies and get more of the same kind when I can.

Like any successful business man, the teacher should be in a position to provide for himself and to choose the kind of insurance he regards as best suited to his situation. I resent charity and never have banked on any assistance other than might come through my own efforts.

I BELIEVE that the people concerned should have a part in managing and controlling any system of pensions. This viewpoint seems to me to coincide with the increased demand at the present time for a greater amount of world democracy. I do not feel that educational institutions should be an exception to this world movement for a greater human liberty.

THE past management of the pension fund has caused me to lose all confidence and interest in it, and while I do not know that I am opposed to any movement among the teachers themselves to form an insurance company, I had expected to look to commercial insurance for anything in that line.

I WOULD have no compulsory insurance. If any benefit can come from the foundation it should be to make the insurance cheaper for college teachers. The system, whatever it shall be, must be reliable, and it should make the beneficiary really independent instead of dependent—independent not only as regards an old age of poverty, but independent to carry on his investigations as the truth may lead him while he has no emeritus before his name.

I DISTINCTLY prefer a plan other than the new Carnegie plan, but am not a competent enough business woman to be sure which of the proposed alternates is the best. I can not overstate, I think, the sense of obligation I feel to you for

your unflagging zeal in a matter so intimately connected with the efficiency and the dignity of our profession.

I NEVER did take much interest in the foundation and its plans. I have never anticipated receiving any kind of benefit from it. I am not in favor of compulsory insurance. It may be possible that a satisfactory plan of insurance for teachers may be developed, but, as for myself, I am inclined to trust to my own plans and to the regular old-line insurance companies for protection.

REGARDING life insurance, I believe that every man should be free to determine what provision he should make for himself and family. The suggestion with which you close your article on this subject in *School and Society,* that one of the great mutual companies might make a separate department for teachers, I believe to be a good one. I have never had any great faith in the plans of the Carnegie Foundation and consequently do not expect to be disappointed.

THE problem of providing for one's old age is one that has to be faced in all occupations, and I see no reason why the teaching profession should be singled out for paternalistic treatment in this particular. If money is to be spent in providing pensions for teachers, I should prefer to have it used to make sufficient increase in salaries to permit the purchase of annuities through the reg-

ular insurance companies, and then leave it to each individual to decide whether or not to use the increase in this way.

I CAN not believe that it is right to accept a pension in the form of charity bestowed by some private corporation, whether they call it a "foundation" which arises after a man has become so rich that he can not give his money away, or whether it is doled out straight from his generous overflowing soul. . . . If our teachers and professors and industrial workers who live by salary or day wage are worthy of pensions, then those pensions should be arranged for in some sensible manner as coming direct from all of the people—governmental sources.

MANY teachers are improvident and need a compulsory pension system, which is an argument in favor of the same. Many other teachers are independent in their thoughts and actions and also far-sighted and provident for the future; to such men a compulsory system is abhorrent. To the latter type of man particularly is the idea also abhorrent that he be held from full freedom of action by a pension system dependent in part at least upon the good will of the school employing him. In other words, the independence of the teacher must be maintained.

DURING the last fifteen years there has occurred nothing to warrant our taking much stock in the stability of the Carnegie Foundation.

Furthermore, I believe that the salaries of professors should be such that by frugality they should be able to provide for themselves and their dependents adequately when old age comes upon them. . . . I wish to see something done for the professors now. Then under correct conditions let them look to their own futures. I am opposed to any thing that has a tendency to make a man a dependent in his old age.

After reading the plans past and present I have no great interest in them. I carry life insurance, yet I do not anticipate that I shall willingly take insurance under the new plan. By remaining single I hope barring disability to be able to take care of my own future without being under a yoke. I regret that I must seem ungrateful for Mr. Carnegie's gift, given no doubt in the finest spirit, but the manner of its administration has made it a menace.

To Mr. Carnegie himself, in my mind, is due great credit for a grand idea and a sincere effort to establish that idea as a recognized principle. The unfortunate outcome is due simply to the bad administration. Instead of making the original fund a nucleus to which other agencies would gladly add to build up a secure position for teachers, the administration sought, with the power that the inadequate capital gave them, to acquire a personal control of the educational policies of the country. Wise as some of the dictated policies doubtless were the effect was bad.

Instead of serving as an impetus for further development of the principal of safeguarding the professor, other efforts were effectively blocked. An insurance against premature accident or old age is most desirable if it comes from a society at large and as a right due the dignity of the profession, but no one wants to depend on a pension dictated by a presumptuous administrator of a private charity.

I SHALL not hesitate to advise any of my colleagues that their own financial interests, to say nothing of their academic relations, will be best served by taking insurance in one of the regular companies making their choice of policy after careful consideration of all of the essential factors involved in each of their individual cases. Inasmuch as the foundation seems very lately to have discovered that the best form of "beneficence" should be placed on a "contractual" basis, there is but one conclusion which every member of the profession can entertain, namely, to seek insurance where contracts are guaranteed by law, and where the basis of cost and profit is adequate to stabilize the monetary return—*unless* teachers might find a way whereby the highly selected character of their insurance risk can be discounted by corresponding reduction in rates or an increase in preliminary returns.

I HAVE ceased to take any great interest in the plans of the Carnegie Foundation. I thought its

plan of insurance was inadequate and promised little advantage as compared with the plans of other insurance companies. . . . I am tempted to think that the American University Professors' Association could accomplish more if it turned its attention toward getting legislation establishing an allowance and pension system in case of disability and retirement for age. This is akin to my thought that the same association could accomplish more in behalf of academic freedom and salaries by becoming a trade union and co-operating with labor organizations. Had we not better trouble ourselves more about the question of a fair distribution of wealth and income? If justice were meted out to all we would have less need of pensions.

When I was called to —— and the letter mentioned that it was on the Carnegie list, I at once figured what that was probably worth in terms of salary addition. On the principle of not crying over spilt milk or looking a gift horse in the mouth, I should not care to discuss whether the money might not have been more wisely applied in enabling college after college to start its own pension system, taking off the burden of accrued liabilities, or otherwise. But when it is proposed to organize an institution which is to accept future payments, the prospects for the future must inevitably be judged by the records of the past.

It would be morally objectionable to compel any teacher in service now to insure, though there would not be the same objection to a raise in salary to be devoted to that specific purpose. Nor do I think there is any prospect of so indefensible a course as compelling a teacher to insure in a particular company, particularly one whose rates were higher than larger, stronger and older companies.

The more I think about the whole situation of pensions of any kind for teachers, the more I dislike the idea from the point of view of the maintenance of individual self-respect. I think there is another answer to the whole question, although of course we must not be too academic in discussing it. In other words, we must not forget that it is a condition we are facing. The necessity for a retirement fund for teachers or some form of compulsory insurance is in the last analysis based upon the fact that teachers are underpaid. Why should this continue? Would it not be desirable to make a fight for adequate payment of teachers, and by adequate payment I mean salaries which would be sufficiently large to permit of proper living conditions and at the same time to leave enough surplus, so that the individual could himself or herself provide for old age through the usual channels, *i. e.*, regular insurance companies. It seems to me that such conditions would be much more compatible with self respect than the

present conditions, which it is apparently assumed are to continue indefinitely.

Unless the foundation can provide insurance at considerably less cost than the established insurance companies, I should think most men would prefer the standard insurance companies. Personally, if I were a young man just starting out I should hesitate a long time before I would engage in college or university work, so far as pensions or compensation are concerned. I should prefer public school work. I was in public school work for a good many years. It is much less unattractive than college professors usually imagine, and the financial and personal situation of college professors is less attractive than it seems to persons from the outside. There are many reasons for this which it would take a long letter to state, and which you probably know better than any one else, as you have made a very extensive study of the various aspects of university administration. I may add, however, that it is a significant thing that nowadays college professors in a number of instances which have come to my notice, are privately advising their students to go into high-school work rather than college work.

I have for many years been dissuading young men who consulted me from aiming to enter our profession. The new pension plan, combining stout leading-strings with an unpleasantly pat-

ronizing attitude, would increase my reluctance to enter on an academic life if I were beginning over again.

Some years ago I abandoned attention to the whole Carnegie Foundation scheme, partly because I took much stock in the argument that it pauperizes the profession and subjects the men to arbitrary government. Perhaps in this last matter I am wrong. The adequate payment of teachers is one of the most important things in modern life; if the profession can not be recompensed, second and third class people will be intrusted with the education of our boys and girls and with the tasks of research—if indeed we are to have either education or research.

I think that those who originally balked at the Carnegie arrangement were long-headed in their suspicions. I did not see as clearly as they the effect that such a promise of protection would have upon our universities to which belongs inalienably the duty to guard faithful servitors against the accidents of life and its old age disabilities. Personally I have never had the slightest possible comfort from the Carnegie promise. . . . I query whether we teachers could run our own insurance company—perhaps we could—but I do wish that the American Association of College Professors or some similar representatives of the profession might have some immediate control of the funds so generously given by Mr. Carnegie.

The Carnegie Foundation has lost the confidence of college teachers because of its failure at the start to foresee the financial difficulties which would result from its original plan, and for the disingenuous attitude of its authorities when it became necessary to modify and finally to abandon that plan. As a result, such teachers look with disfavor upon compulsory insurance in a company in the management of which the present authorities of the foundation have any voice. Nor is a mutual company directed by college teachers with limited insurance experience and scanty capital likely to command more confidence.

The situation seems to me to be one which can only be cleared up by a series of law suits; either the Carnegie people are right or they are wrong in thinking that they can make and break promises at will; either university professors are right or are wrong in thinking that they have a legal interest in the Carnegie Foundation for academic insurance. These questions are of great importance to the academic profession. If the professors on the Carnegie Foundation have actually a legal interest in the funds of the foundation they are entitled to a say in the management of the funds. This can only be determined by the courts. I would therefore suggest that some responsible body, like the American Professors, shall take up in detail the various published programs or promises of the Carnegie Foundation;

that they shall carefully go over the ground and find out what universities made definite changes and concessions in order to take advantage of the foundation's offer; that they shall select a suitable individual from the teaching staff of one such university in whose case the promises have not been fulfilled and shall bring suit to enforce the fulfilment of the contract.

I SAY emphatically that I regard the proposed plan as unsatisfactory. I do not see that the plan interests members of faculties of state universities, as I feel sure that the states would not make the payments required of them, and I certainly would not favor compulsory payments by the professors themselves. For myself I would not entrust any money to an institution that has been so grossly mismanaged as has the Carnegie Foundation. Neither would I favor an institution managed by university professors, as I do not regard that as their proper business. I do not greatly favor any pension scheme, as I think that university professors should be paid salaries that would enable them to take care of themselves. What I think the foundation should do is to apply the income from its funds to the payment of disability pensions in all the colleges of the country, making these payments as far as the money will go in the order in which the cases are deserving and critical. This is what it should have done in the first place.

After the incapacity and self-sufficiency of the Carnegie Foundation has been demonstrated so completely, I feel little disposed to favor any plan which postulates that they shall have a share in the management. Should their attitude change so that they become willing to cooperate instead of assuming to direct I should then have less objection to their sharing in the administration of any plan that might be adopted; but now that we have the American Association of University Professors, I should look to them for the last word in all matters affecting the interests of the teaching profession and not to a self-constituted and self-perpetuating body.

I am one of those whom you refer to as having accepted positions on the expectations of the pensions. In 1916 I resigned a professorship at ———, at $3,000, and accepted one at ———, at the same figure; and one of the chief reasons for doing so was that it was an "accepted" institution. Having been in "accepted" institutions for nearly two years, I learned that my "expectations" were precisely nothing. The experience was not calculated to strengthen my confidence in the foundation. It now appears that I am to be compelled to enter a plan of insurance which has never been submitted to me and the terms of which I do not know, and that the administration of the funds I pay over is to remain in the hands of the same foundation. But

it is well known that professors like to have their affairs managed for them.

The Carnegie Foundation has been a great disappointment in that it can not do what it promised to do. The main thing in my opinion is to get all colleges and universities to double their present scale of salaries, because the present scale does not attract the able young men. I do not think college professors are much interested in annuities—but more interested in making provision for their children—as the normal successful man ought to be.

My present feeling is one of lack of confidence in the scheme as outlined by the foundation; and I strongly object to any form of supervision and compulsion which gives the university financial authorities control over the expenditure of salaries. Were I a young teacher and eligible to the benefits and obligations of the proposed scheme, I should greatly prefer insurance in one of the established business concerns dealing exclusively with such matters and under the control of financiers without academic relations.

I feel that the Carnegie Foundation has been a failure. What is the record? First the retiring allowance for twenty-five years' service is withdrawn even from those within two or three years of the time, who certainly had the legal and moral right to count on it. Next the age limit is raised to seventy years from sixty-five and deduction

made in case of retirement before that age. Under present conditions I do not believe many professors will live to reach seventy. For my own part, I could not trust for the future to any institution as unstable as the Carnegie Foundation.

Certainly I agree with you that the previous conduct of the foundation has not been such as to inspire respect or confidence on the part of members of the profession, and personally I should prefer to entrust my interests to the corporation of the university which I serve—even though it has thus far shown no great interest in the problems under consideration—rather than to any body of men willing to be further represented by President Pritchett.

As you have pointed out professors should capitalize the reduced risk to which they are entitled. Their superior heredity and habits should be taken advantage of as readily as their ideas. If present laws will not permit this, the facts should be organized and presented to legislators and the laws changed. These pension organizations should be completely independent of the universities, national in scope, and non-compulsory. No plan should be adopted which will interfere with the progress of democratizing our universities, or interfere with a sane development of a governmental insurance or pension system.

I AM absolutely opposed to any compulsory class insurance. The mere need of compulsion implies either serious defects in the scheme itself, or the assumption of obstinate stupidity as a characteristic of the class concerned. We in our profession are unbearably familiar with the latter assumption, which has determined the policy of appointment, promotion and dismissal so consistently that a very general system of misselection, now firmly established, has produced a type closely corresponding to that assumption. Should we now take one more step in making this assumption our own? I am opposed to any board of control endowed with a shadow of a title to an eleemosynary function. Any ruling board should be stripped of any power of prerogative, discretion, authority and direction, derived, however remotely, from any eleemosynary hypothesis. A professional insurance association which does not offer greater security, greater pecuniary advantages, and greater active participation and control to its members than an ordinary commercial insurance company, and tries to combine compulsion with autocratic self-sufficiency, is really too funny for serious consideration.

ANY scheme of professorial insurance, if compulsory and not controlled by the policyholders, will surely become what the Carnegie Foundation has already proved to be—a means of keeping

down salaries and grinding the faces of the poor. The solution is simple. Let professors be paid decent salaries and let them provide for the future on their own responsibility, or else let them be paid full salaries during the term of their lives. The great desideratum at present is *better salaries,* so that we and our families may live decently and that we may do our work effectively. "The Lord helps those who help themselves." Let the American Association of University Professors start an aggressive campaign for financial betterment and back it up by concertedly and resolutely opposing an expansion in curricula and staff, and by discouraging men from entering the profession, until the end is achieved. The commercial press and some university presidents have sneeringly dubbed us "The Professors' Union." Let us accept the challenge implied and become a real fighting union.

Of the three plans, I feel especially well disposed toward the one which advocates dealing with the old established insurance companies. . . . However, a company formed of college and university professors would be preferable to any scheme outlined by the present Carnegie management. I reflected not a little upon the career of this particular board, before, indeed, I read anything published by you, and I gradually came to feel myself in opposition to it. There was nothing very tangible, but I distrusted

it. Frankly, I think that the head of the board is incompetent, and incompetency is almost criminal in such a matter. I especially object to any form of compulsory insurance for college professors. I do not think that we should be classed along with incompetents and the feeble-minded. Given a fair salary, men who should be engaged in college work will look out for themselves.

It has long been apparent that the "Carnegie board of college presidents," as a speaker unconsciously, but truthfully, dubbed that group, has signally failed in the task assigned them. Perhaps the teaching profession deserved to see failure come upon a plan which treated them at once as children unable to care for their own interests and as anxious or at least willing to be cared for. The new Carnegie board plan, so far as I know it, has the same faults as the old ones—paternalism, essential irresponsibility and the evasion of existing obligations. If it could be brought about—the securing of a favored rate from an old line company based on the fact that teachers are a favored risk—it would seem to me the best way out.

A serious fault that is obvious to the teacher is that it fails to give one of the essential requirements of insurance, viz., reasonable assurance that the promises will be kept. It is interesting to read the explanations of the Carnegie Foundation for the changes in plans, but unfortu-

nately the beneficiary (?) is vitally concerned, and the Carnegie Foundation as an insurance company is losing the confidence of teachers.

As chairman of our faculty committee on retirement allowances I have carried out an independent investigation of the "benefits" offered by the contracts available through the Teachers Insurance and Annuity Association and my conclusions fully corroborate those arrived at by yourself and others. . . . Nothing should be left undone at this time to bring college teachers to full realization that this new enterprise of the foundation is not worthy of their cooperation and confidence.

I AM more pleased and thankful every year as I view the changing policies of the foundation that it has been my lot to work in institutions not under the Carnegie pension system. Unquestionably my "misfortune" has been good fortune. I have never for one moment allowed myself to look forward to the help of a single dollar of Carnegie pension money, and have therefore laid my own plans from the beginning to take care of my own finances. And that has been the more possible because my salary has been better than it would have been in the benevolent institutions under the foundation.

IF teaching is to be considered a "man's size" job I see no reason why the teacher should not receive "man's size" pay and therefore be in a

position to make the same insurance plans as any other citizen. If the teacher is to continue as an underpaid employee to such an extent that he will have to depend on semi-charitable insurance, it seems to me that the funds should be handled by a reputable insurance company and by professional instead of amateur managers.

It has seemed to me that the management of the foundation has been attended with grave lack of foresight. I can not help but feel that very few institutions would have retained the same management as long as this institution, when so many errors of judgment seem to have been committed. I should certainly oppose any plan for insurance and annuities which involved compulsion, and feeling as I do about the institution in question, I should be very unwilling to enter into any scheme which was to be administered by those who have administered its affairs.

My opinion is that the value of the Carnegie Foundation, after all the changes through which it has passed, has become insignificant for college teachers. It is "poor-relief." Teachers ought to establish their own insurance company, controlled by the American Association of University Professors and owned by this body, but reinsured in some already existing company.

I think that college teachers should act for themselves in the matter of insurance and pensions. Neither boards of trustees nor charitable

funds will do the business, nor is there any reason why teachers should sit by as if they were inmates of an orphan asylum or an old ladies home, and wait for some one else to do it. I believe that the matter is a proper function for the Association of University Professors.

I HAVE personally spent very little time over C-P-B doings because I never expected to do any business with the Co. I believe that if a professor is to receive so low a salary that he can not lay up anything for his old age he should in justice receive the balance of his salary in the form of a pension later on. But I would prefer to receive an adequate salary and lay up my own pension and maintain my self-respect and independence. If the pension is given the university should somehow provide it.

LET us insist upon being men among men, women among women, citizens among citizens, seeking adequate compensation for our services, and demanding the right enjoyed by other people of spending our own money and making our own provisions for the rainy day or for old age. Any pension scheme for teachers, it seems to me, is built upon an assumption that they are incapable of managing their own affairs and need guardians, and any such scheme has a strong tendency to keep down wages. But, of all the schemes suggested, the one under discussion seems to me the least desirable.

The Carnegie Foundation no longer merits our consideration. We are through with it unless it has a house-cleaning. No self-respecting man will tolerate compulsory insurance from the administration. A mutual company of men of professional rank, taken over by some "old line" might be desirable. At any rate let us study the problem further and fearlessly.

The ability of teachers to stand squarely on their feet, mentally and morally, is none too great as things are; a pension system controlled by persons or forces outside of the teaching ranks will, it seems to me, work against the best interests of the teaching profession. Adequate maintenance of the teacher must be secured in some other way.

I feel very strongly upon this matter and substantially agree with you. I am thoroughly opposed to the scheme which so many of our universities have adopted of a retiring age, and the Carnegie pension scheme looks to me like an effort to irrevocably fasten this system on the universities.

The Carnegie Foundation is not equal to its self-imposed task of judging and standardizing universities, and the university that submits itself to such control is in great danger of serious harm. The individual professor should be wiser than to place any reliance on such a scheme for his financial support.

As a self-respecting citizen as well as a college professor I have always felt a repugnance towards an organization which has presumed to dictate the educational policies of this country and which intimates that college professors as a class are not to be trusted to handle their own financial affairs.

I REGRET and deplore the existence of any institution having the objects, apparent or concealed, and the consequences, whether intended or merely inevitable, of the Carnegie Foundation. The only hope of an honorable future for the profession of teaching in our colleges and universities lies in the increases of salaries to magnitudes comparable with the incomes of successful men in the professions of law and medicine, and in complete independence in regard to provision for old age and death.

WE are all grateful to you for fighting the octopus.

I FAVOR the divorce of the pension and insurance system from an agency which might prostitute the independence of the college professor.

I WANT to thank you for your splendid efforts. We need a higher standard of men in our profession, and if we do not find some means of attracting them it will continue to fall in dignity and in the estimation of the people.

I WANT to express my appreciation of your in-

cisive treatment of the Carnegie Foundation's dust-in-the-eyes and hemp-about-the-neck insurance policies and other policies. Personally I will have none of them.

No compulsion; an organized plan under supervision of the insured seems best; we must beware of control by the capitalist of the teaching profession; academic freedom first, financial protection second.

UNDER Pritchett's leadership the Carnegie Foundation has failed. It was organized presumably to improve teaching, but has resulted in decreasing the influence of the teacher. It's up to the foundation to find a new manager and also the funds to fulfil its promises.

I HAVE no confidence in the men who have been in charge of the foundation. I should have the strongest objection to any scheme for compulsory insurance, and I do not believe such a scheme would be adopted by our better institutions or tolerated by the profession.

IT seems to me that the president of the Carnegie Foundation has demonstrated his unfitness for leadership as regards academic insurance so completely that the first question should be the finding of a suitable president in case insurance is to be considered in connection with the Carnegie Foundation.

COLLEGE professors should demand a salary

sufficient to provide for insurance in the established companies. I resent being in the charity class. I have no confidence whatever in the Carnegie Foundation as constituted at present and would not entrust a cent of my earnings to its management.

THE administration of the Carnegie Foundation up to date, though the present scheme is not escaped out of a madhouse like the first, has been so unintelligent and so incompetent that one is quite sure of its collegiate character. . . . The real marvel is that sometimes those supermen, Presidents and Deans, have risen out of the ranks of mere professors. Immediately the laying on of hands by a board of trustees converts them into men of affairs, men of the world.

OF course I most cordially disapprove of the foundation's new scheme. I regard a compulsory insurance plan as a device for depriving members of the academic profession of a part of their salaries, and *nothing* more. Under such management as the Carnegie Foundation has exhibited in the past, I think that the previous sentence states the whole story.

PRITCHETT and Butler are so completely discredited in the eyes of the teaching profession, so far as my information goes, that no one can now put the slightest faith in any of their propositions. We all owe you a great debt of gratitude for your vigorous leadership in exposing the true

nature of the Carnegie Foundation's management. Success to your arm!

FROM the first it has seemed to me that the Carnegie Foundation—at least under President Pritchett—was a machine for controlling and enslaving academic action. I have marked some of its results in ———, as elsewhere, and I deplore the results on the policy of institutions of learning.

I HAVE the greatest admiration for your self-sacrificing and untiring efforts in behalf of the intimidated and nerveless academic profession of this country.

I AM opposed to all schemes further to humble and depress the university professor. I would be interested in any system that would make them more powerful and effective in their work. All this nonsense about pensions is calculated to preserve the present weaknesses instead of preventing them. I want none of Pritchett's benevolence.

ALL these private "foundations" and "endowments" are abhorrent to me in any form. Whether intentionally or not, their effect is to shackle the freedom of speech and action of those who should be most free—the teachers of the nation. Moreover, the present discussion interests me little, except as it shows the protest of academic slaves. It is too narrow. Old age pen-

sions for teachers interest me only as a part of the general subject of old age pensions for every man who has done his share of the world's work.

The more I ponder on the matter of teacher's insurance the more I am convinced that in order to be a real good it must be absolutely divorced from the Carnegie Foundation. Further, it must be a mutual affair, managed by the teachers and founded on sound insurance principles. As I see it, the Carnegie Foundation is only helping to establish more firmly the academic tyranny. If democracy is to have any chance to justify itself, the next great autocracy to be crumbled is the one manifest from the top to the bottom of our extensive educational system.

Every one who has followed the various and inexcusable changes in the policy of the Carnegie Foundation must have lost all confidence in the management. The attitude of the president of the foundation toward college professors as shown in his writings, the last of which appeared in the December *Atlantic Monthly,* reveals his incapacity to deal fairly with them. He evidently regards professors as neither intelligent nor honorable. One who takes this view is incapacitated for fair dealing. His attitude is, of course, the psychological effect of autocratic power. The president of the foundation has already demonstrated his intellectual unfitness for the position which he holds.

Every teacher in America ought to feel indebted to you for the fight you are making for educational democracy. . . . As for the Carnegie Foundation, I think it should save every penny toward meeting its legal obligations instead of wasting money on printer's ink in attempts to "explain." . . . In the end salaries and pensions are less important than tenure, for secure tenure means academic freedom, and academic freedom is as essential to political liberty as an independent judiciary or a free press (if I may speak of things hypothetical as if they existed). And we could have secure tenure and academic freedom to-day, in spite of oligarchic control, if the profession as a body would demand them and back up the demand by concerted action.

I see no advantages and the greatest elements of danger to our already supine teaching stock in the whole Carnegie program as now outlined, and vote, if only an alternative is given, for the proposition that some different plan be considered. If given free choice I prefer to have nothing to do with the Carnegie pension fund. . . . Needless to add I hope that you will keep up the fight and take comfort in the fact that the majority, though weak as milk, is with you.

Is there on this earth another such body of ineffectual serfs as the American college professors, underpaid, overworked, afraid of their jobs, despised by the students, general public, press,

everybody, bulldozed by petty tyrants who get control through "executive ability" which generally means wire-pulling and kowtowing to all that ruins academic life? . . . As for the pension business it has been a monumental example of stupidity, craft and shabby shuffling. My inner conviction is that we should no more aim at pensions than lawyers and doctors; that we should aim at just salaries and manly independence, if not for our own sakes at least that our sons may be taught by real men and not by old women and prospective paupers and pensioners. I have had thirty-five years happy and successful (in a small way) experience and these be my innermost convictions. I have always regarded you as holding the *only* right views and as having the courage of your convictions. You are a fighting general trying to lead a charge of sheep.

I DOUBT much whether connection with the Carnegie Foundation is worth what it costs—at least under the management of Mr. Pritchett. It began by using its resources to make itself a dictator of educational policy, and from the first it has been more interested in its own importance than in the welfare of the college teachers. When it became necessary to reveal that the foundation had been brought to the verge of ruin by astounding incompetence, Mr. Pritchett sought to cover the fact by telling us that we were a lot of lazy beggars. And he is even now so

lacking in modesty that, in this month's *Atlantic,* he writes as an expert on pensions and offers another homily on the moral needs of college professors. I should say that any new plan ought to be preceded by the retirement of the present management; and that, if we may not insist upon this, it proves only once more that the calling of college professors in the United States is an ignoble profession.

Every activity of the Carnegie Foundation, I believe, has been misdirected or reprehensible. No compulsory scheme of insurance could be entered into with the Carnegie Foundation by any self-respecting educational institution, and no self-respecting teacher would countenance such a scheme. Any scheme which tends to give the Carnegie Foundation, directly or indirectly, control of, or influence over, our educational institutions, methods and aims is *in* and *per se* evil and not to be tolerated. *Carthago delenda est;* or, at least, Hannibal must be conquered, and Carthage "made safe for democracy."

THE CARNEGIE FOUNDATION FOR THE ADVANCEMENT OF TEACHING[1]

THE annual reports of President Eliot to the corporation of Harvard University have in certain respects been the most interesting educational documents of past years; their place will now be taken by the reports of President Pritchett of the Carnegie Foundation. In these reports and in the intervening bulletins, there are not only given lucid and complete accounts of the activities of an institution of vast importance for higher education, but also careful studies of the educational system of the country. In this respect the foundation sets an example to the General Education Board, which keeps for its private use the information that it collects, and does not even publish the financial statements that should be required by law from every corporation, and first of all from those exempted from taxation.

President Pritchett's third annual report, which covers the year ending September 30, 1908, shows that the new grants made during the year amounted to $113,765. The grants in force amounted to $303,505, an increase of $101,360 over the preceding year. Should this increase continue for two further years, the income of the foundation would be exhausted. The retir-

[1] Printed in *Science,* April 2, 1909.

ing allowances in force were: On basis of age, 86; on basis of length of service, 81; for disability, 15; to widows of professors, 29. The average age of those retired for length of service is 65.7 years, so that it would appear that more than half of them are entitled to retirement for age. The average value of the retiring allowances is $1,532.58. The institutions drawing the largest sums are: Yale, $25,195; Cornell, $16,570; Harvard, $16,305; Tulane, $14,365; Columbia, $14,055; Stevens, $11,075.

Valuable data are given in the report in regard to institutions on the accepted list and the state universities, together with a discussion of political interference in tax-supported institutions with special reference to the University of Oklahoma. Other topics treated are: the exchange of teachers between Prussia and the United States; uniformity in financial reports; teachers' insurance; college requirements for admission; special students; amount of instruction given by teachers; professional education; denominational education.

The foundation adopted during the year two new policies of great importance—one the admission of tax-supported institutions for the cost of which Mr. Carnegie has undertaken to give $5,000,000, the other the provision that a widow shall receive half the pension to which her husband would have been entitled.

There is no valid reason why the states should

not accept a gift from Mr. Carnegie for their universities. In so far as the money came originally from the people, and especially from the agricultural regions of the central and western states, through the workings of the tariff, this was imposed by the representatives of the states, and the best use of the money is to return it to those from whom it was taken. Nor is the fact that the fund is in the form of bonds of the United States Steel Corporation significant. All our universities hold bonds of railway and other corporations whose activities have not always been beyond reproach.

The real questions are whether a centralized pension fund is for the advantage of our universities, and, if so, whether a fund can be provided sufficiently large for the purpose. The writer dissents from most of his colleagues in doubting the desirability of a uniform and centrally administered pension fund. I have always been prejudiced against annuities and those who buy annuities; it is distasteful to me to be thrust by force of circumstance into this class. The president of one of our leading universities has stated in a report to the trustees that the annual value of the pension to a professor in middle life is $1,200. I should prefer to have this increase to my salary now when I have children to educate; or, if it could be saved, to have it as capital to be used for such purposes as may be desirable and to be bequeathed to my family. The with-

holding of part of a professor's salary to be paid ultimately after good behavior in the form of an annuity will tend to increase the autocracy of univeristy administration and to limit not only the freedom of action but also the freedom of speech of the professor. It will also limit the freedom of action of the administration, for a professor can not be dropped honorably when part of his salary has been reserved for a pension. It seems from the decision of the courts in the case of Professor Capps against the University of Chicago that this can not be done legally, and there will probably arise complications which have not been fully foreseen.

It is not intended to imply that the office of the professor should be subject to the commercial law of supply and demand. On the contrary, he should have life tenure, only forfeited by the violation on his part of the conditions implied in accepting the office. It would be intolerable if a professor could be dismissed simply because the president thinks that he might obtain a more acceptable man in his place for the same or a smaller salary. The professor is appointed at the average age of nearly forty years and is likely to remain what he then is; if an unwise appointment has been made, the institution should accept the responsibility.

Permanent tenure of office doubtless implies a continuation of salary or a pension in case the professor can no longer serve to advantage; and

this leaves the difficulty resulting from paying a professor less than he is worth in middle life in order that he may receive more than he is worth in old age. Obviously we must face this situation; but it is emphasized and made worse by the establishment of a uniform and centralized system of pensions. It can be most conveniently met if we are sufficiently optimistic to assume that on the average the services of professors over sixty-five years of age are worth to their institutions and to the community the salaries that had previously been paid. A professor at this age may become a less efficient teacher in professional and required courses, though this is not always the case. It is, however, by no means certain that he is, on the average, a less desirable teacher in advanced and elective courses; or that his scholarship, experience, judgment and poise are not of the utmost advantage to the university. A man of this age may not have new ideas; but his research work and productive scholarship are likely to continue and to be of greater value to the world than the salary he is paid.

The teachers who have had the greatest influence on the writer are Professor March, of Lafayette College, and Professor Wundt, of Leipzig. Professor March ceased to teach recently at the age of over eighty years and Professor Wundt continues to lecture regularly at the age of seventy-five years. It would have been a serious loss if these great men had ceased to

teach at the age of sixty or sixty-five. If I were now beginning the study of psychology, I should wish to spend a year under Professor Wundt at Leipzig and a year under Professor James at Harvard. I should be able to work under Professor Wundt, but should find that Professor James had been retired on a Carnegie pension in the fullness of intellectual vigor. If Mr. Angell can to advantage serve as president of Michigan to the age of eighty and Mr. Eliot can serve as president of Harvard to the age of seventy-five and still retain the chairmanship of the trustees of the Carnegie Foundation, we have evidence that a dead line can not be drawn at sixty-five.

The institutions accepting the terms of the Carnegie Foundation for pensions on the basis of age must make retirement on a pension at sixty-five mandatory, or else they must make it a matter of arrangement between the administration and the professor. Either alternative is unfortunate. If the retirement is mandatory, the institution will lose men whom it can not afford to lose, and professors will be retired who are competent and anxious to continue their work. It will be a poor reward in the academic career to cut men off from the service of their lives and pay them part salary, when in other professions at that age they would probably have continued to be leaders and to have had an income at least twice as large as twenty years be-

fore. If the retirement is only permissory an institution might gain temporarily by retiring its less efficient men; but this would be only a mitigated form of the policy of dismissing professors whenever their places can be filled at less cost. Every institution could improve for a time its faculties by dismissing twenty per cent. of its professors; but such an undertaking would in the end be disastrous to the institution and to higher education. If only incompetent professors and those not in favor with the administration are retired at sixty-five, the pension will be far from an honor and by no means a worthy close to an academic career. It will frighten able men from it at the outset, and tempt them to desert it when they can.

It may give a sense of security to be assured of a pension in old age; but when the time comes the reduced salary will cause difficulty to those not having independent means. There will be a tendency for the professor to engage in some form of money-making and to begin early in his career. An eminent man of science has written to me that since he had been retired on a Carnegie pension he could no longer contribute to a scientific journal, as he had to earn a living for his family by writing fiction. The community and the world are largely dependent on the university professor for the advancement of science and scholarship and for the maintenance of the best ideals, and those great services are not paid

for directly. They can only be assured by attracting the best men to university chairs and then setting them free to do their work with no interference and no fear of dismissal even on half salary.

In my opinion the Carnegie Foundation would have been most wisely administered if it had agreed to give to every institution that had adopted or would adopt a half-salary pension after the age of sixty or sixty-five an endowment sufficient to defray the remaining half of the salary, so that the professor would be paid his regular salary for life. He could then retire from the teaching for which he was not fit, but could continue to give his services to his institution and to his science. Or if the allowance had been paid by the foundation directly to the professor without regard to whether or not he continued his teaching, then he could give to his institution so much service as he might render to advantage and in turn receive so much salary as he might earn.

But the trustees of the Carnegie Foundation are presidents, not professors, and the money is to be divided in the main so as to relieve the financial straits of the institutions, not to improve the status of the professors. The professors in those institutions which already had a pension system do not gain financially as far as the old-age scheme is concerned and lose in certain ways; whereas the institution gains the

amount it had contracted to pay in pensions. The professor as well as the president is pleased that the university has added resources; but they do not differ from any other unrestricted endowment.

The conditions are different in the case of institutions which did not have a pension system. Here too it is chiefly the institution which gains, for it was bound in honor to provide for its disabled professors, and it will hereafter pay smaller or less increased salaries in view of the pensions.[2] But the presidents and professors have an assurance that they did not have and will have annuities that they did not earn or only partly earned. The advisability of having made the pensions retroactive in this way is questionable. Gifts may be at the same time acceptable and demoralizing. When Tulane University raises nominally its entrance requirements beyond what can be met by the high

[2] It is not admitted by the officers of the foundation that pensions will tend to prevent increase of salaries; but this appears to be an inevitable result of economic law. In seeking recruits for the army and navy the government states that the small wages are compensated for by the pensions, and one of the state universities has urged that if the legislature does not accept the pensions from the foundation, it will be necessary to pay higher salaries in order to retain its professors. A pension system may or may not improve educational efficiency, and it may or may not improve the general conditions of the academic career; it will not improve permanently the financial status of the professor.

schools of Louisiana in order that it may be accepted by the foundation, we are not surprised to find that it draws annually $14,365, and when the Central University of Kentucky cuts itself off nominally from its denominational control in order that it may be accepted, we are not surprised to find that three of its eleven professors are immediately placed on the foundation.

It would, I believe, have been far better if the foundation had undertaken to hand over to each institution that had adopted or would adopt a pension system an endowment from the income of which the professors' salaries could have been maintained for life. Even if it were decided to give a pension smaller than the salary, the endowment might with equal advantage be made once for all. The foundation could in this case take up one institution after another and from its income award a fund sufficient to endow a pension scheme in each. Under these circumstances, the income would never be completely tied up, but could always be used in the way most likely to promote the advancement of teaching. The same plan might with great advantage be pursued by the Carnegie Institution of Washington. If instead of attempting to administer from Washington scientific institutions in all parts of the country, it would found and partly endow such institutions, and then leave them to local control and support, the money would go much farther and the dangers of a bureaucracy would be avoided.

The drawbacks of a centralized pension system may be illustrated by an example. A professor has reached the age limit with a salary of $4,000. He prefers to continue his regular teaching and research and can do so competently. If the institution had to continue his salary, it would have no inclination to relieve him of his duties, nor would it care to do so if it had to pay a pension of $2,400, for in this case the $1,600 released would not suffice for the salary of a new professor. But if the payment of the professor's pension can be put off on the Carnegie Foundation, then the president will reflect that he can obtain a new man about equally competent for $3,000. He will thus save $1,000, and the institution will still have credit for the work of the retired professor; the students he attracts; the indirect teaching that a man engaged in research at the university can not fail to do; his valuable judgment and counsel. The institution saves $1,000 and gets $2,400 more that it could not get in any other way. At first sight it may seem that no one suffers except the dismissed professor; but in the end it will be found that the institution and higher education also suffer.

The risks of the system for the professor are increased by the scheme of retirement after twenty-five years of service. Sixteen of the most efficient professors in Harvard University and fifteen in Columbia University are now liable to

compulsory retirement apart from age; and owing to the great growth of these universities within the past twenty years, the number of men in this class will increase rapidly. These institutions could take from the Carnegie Foundation about $75,000 a year now by retiring these men and probably two or three times as much a few years hence. If the emeritus professors maintained their interest in the institution and continued their research work, the university would apparently lose but little in return for the great financial gain. But the professors would suffer, and ultimately the whole academic life would be demoralized.

The reasons leading to the adoption of retirement after twenty-five years of service are obscure to me, unless it is intended to relieve institutions of men whom they do not want to keep. Some few professors having independent means or outside employment may like to retire on half salary; but these are exactly those who do not need pensions. Any who may be disabled after twenty-five years of service and before reaching the age-limit gain; they are, however, but few and should be otherwise provided for. It appears to be a mistake to hold up retirement from the life-work of a professor as a prize or reward. The usual professor can not afford to retire unless he engages in money-making, and the plan will thus lead to commercialism and the discouragement of research. He is

permitted by the rules to do anything except teach—that for which he should be most competent and that which he should most enjoy. Research work and advanced teaching can be carried on far better in conjunction than divorced. In order to reward a professor after long years of service, he should be relieved, not of half of his salary and the privilege of teaching, but of so much routine instruction and administration as interfere with his research. This is now done in our better universities; professors of distinction who wish to devote themselves mainly to advanced students and research work are encouraged to do so.

There is a minor difficulty in the way of retirement—whether it is to be a reward or a punishment—after twenty-five years of service as professor in that it is impossible to date fairly the beginning of such service. In every university some professors between the ages of fifty and sixty-five will be liable to retirement on the basis of age and others not, but there will be no significant difference in the work that has been accomplished for education and scholarship by the two classes. According to the circumstances of the case, it will be an advantage or a risk to have been given the title of professor at an early age in a small institution. It may on the whole be regarded as fortunate that the Carnegie Foundation has not the means to continue these annuities for length of service. They will, I

fear, tend to demoralize both the "humble and ill-compensated" professor and the "conspicuous" and much-tempted president.

A very useful service that the Carnegie Foundation could perform for the professor and for academic life would be some form of pension for disability, as this can not be purchased. Another useful service would be the pensioning of widows and minor children. Personally, I should prefer to let the professor purchase voluntarily at cost the disability annuity and the life insurance; but I am instinctively an extreme individualist. Certainly the pensioning of the widows of professors entitled to pensions by statute instead of by favor is a notable advance made by the foundation last year. The enforced pensioning of widows is even more socialistic than the enforced purchase of annuities; for ultimately the unmarried professors will be compelled to pay part of the premiums on behalf of their more fortunate colleagues. But it may be that people who bring up children deserve more from the world; certainly those who have only the annual income which they earn for those dependent on them should insure their lives, and perhaps they should be compelled to do so. The weakness of the system of the Carnegie Foundation is that it applies only where it is least needed. It is the instructor or junior professor with young children, having had no chance to

save, who finds it hard to pay an insurance premium and sometimes neglects it.

It is not clear to the writer how it was estimated that a fund of five million dollars would provide pensions for the state universities and colleges. The demands on the foundation will depend on whether retirement is mandatory or whether it ordinarily follows only on disablement. At Harvard University there are at present seven professors on the retired list, two widows receive pensions, and the cost to the foundation is $16,305. There are twenty-eight other professors now eligible to receive allowances. Should they be compelled to retire or wish to do so, the total charge of Harvard University on the foundation would be about $75,000.

Even with a stationary number of professors and stationary salaries, there are two circumstances which will add greatly to the cost of the system. One of these is the "age distribution of the population," a factor which the trustees of the foundation may not have considered, as it appears to have been completely overlooked by both advocates and opponents of the old-age pensions in Great Britain. The population of that country, through a high birth rate from 1850 to 1900, has increased greatly since the middle of the last century, and the people form a youthful population. There are probably two to three times as many people over seventy years of age per thousand of the population in France,

with its stationary population, as in Great Britain. The British chancellor of the exchequer will be awakened to the apparently unexpected circumstance that the number of those entitled to pensions from the government will be doubled or tripled apart from any increase in population. Similar conditions obtain in our universities which have more than doubled the number of their professors in the course of the past twenty or thirty years. Nearly all those appointed to professorships were young and are now growing old together. In twenty-five years the relative number of professors over sixty-five will probably be doubled or tripled.[3]

[3] In the faculty of pure science of Columbia University there are fifty-two professors, the ages of forty-seven of whom are given in ''American Men of Science.'' The distribution is:

Age	Number
30–35	4
35–40	8
40–45	12
45–50	9
50–55	9
55–60	1
60–65	3
65–70	0
70–75	1

The median expectation of life of these men is at least twenty-five years, and we may expect that more than one half of the thirty-four now between forty and sixty-five will still be living twenty-five years hence. In the place of one man over sixty-five years of age and eligible to be pensioned for age (there is now none retired on a pension), there will be seventeen.

The other circumstance that will increase the demands on the funds of the foundation is the pensioning of widows. Professors are nearly or quite as likely as not to leave widows, and the expectation of life of their widows will be nearly or quite as great as their own when eligible for annuities. Thus the cost of the widows' pensions will ultimately be nearly or quite one fourth the cost of the annuities. It is further to be noted that all widows will receive pensions, even though a considerable proportion of those entitled to annuities do not draw them.

It consequently appears that with the same number of professors and the same salaries as at present, Harvard University would after a few years be able to take from the foundation at least $150,000 a year in annuities and at least $35,000 in widows' pensions. How much would actually be taken for annuities would, of course, depend on whether or not retirement were mandatory or generally adopted.

The number of professors will not remain stationary, nor will salaries remain stationary. Harvard has about doubled in size in the past twenty years and quadrupled in size in the past forty years. Even should this rate of growth not continue at Harvard, it will, I believe, be maintained on the average and will be exceeded in the state universities. Harvard and Columbia may in forty years have four times as many professors as they now have; Michigan, Illinois,

Wisconsin and the other state universities will almost surely have four times as many. It is a modest hope that salaries will increase fifty per cent. The cost in a great university of a pension system such as that of the Carnegie Foundation, if all retire who are eligible, may forty years hence be expected to be in the neighborhood of one million dollars a year. If at that time trust funds bring 3 per cent. interest, it will require $30,000,000 to endow a pension system for a single university; and there will probably be not fewer than twenty such with a hundred others tending to become such.

Forty years hence some two billion dollars may be required to endow completely a centralized pension scheme for North America such as that of the Carnegie Foundation. Nor is this too long to look ahead. Young men of twenty-five, now entering the academic career and accepting smaller salaries in view of a pension at sixty-five, will not be honorably treated should it be withdrawn. Indeed they can possibly recover the pension at law.

The figures given here may seem somewhat appalling; but they are really not so. If pensions are only paid for disability at any period in the lives of university teachers and to their widows and minor orphans—I believe that no other kinds of pensions are desirable—the cost would be much less. It would represent a capital far beyond the possibility of private endow-

ment, but would be a sum not considerable in comparison with the wealth of the country. Twenty times the amount could to advantage be saved each year by a reasonable reduction in the expenditure on alcoholic drinks. The economic gain to the nation and to the world from the research work of university professors far exceeds their salaries and their pensions, even though no account be taken of the value of their teaching or of their contribution to ideal ends. The more scientific men the world supports, the richer will it become, as well as the better. But the nation, the states and the cities must maintain their universities.

THE LENGTH OF SERVICE PENSIONS OF THE CARNEGIE FOUNDATION[1]

EITHER as cause and effect or as a matter of mere time sequence, the writer has anticipated in this journal the most important actions taken by the trustees of the Carnegie Foundation at their two last annual meetings. There was printed in *Science* for April 24, 1908, correspondence with the president of the foundation urging that the pensions of widows of professors entitled to retiring allowances should be made a matter of right rather than a matter of optional favor, and at the meeting of the trustees in November this was done. It seems that this subject is not treated clearly by the president in his last annual report. Referring to the first adoption of the rules of the foundation he says:

> The underlying principles which seemed to be clear were these . . . (5) The retiring allowance system should embrace in its provisions the widows of teachers who under the rules had become eligible to retiring allowances. . . . A third rule provided for the pension for the widow of any teacher who, either on the ground of age or service, was entitled to a retiring allowance. These rules have now been in operation for four years.

In the first annual report, however, it was explicitly pointed out that "In all cases, the granting of pensions to widows of professors stands

[1] Printed in *Science*, March 11, 1910.

upon a different basis than that of the awarding of retiring allowances to professors,'' and in the third annual report it is noted that ''heretofore the pensions to widows have been only permissory.''

I venture to note my service to my colleagues in this direction, as some of them think that I have performed a disservice in pointing out what seemed to me the dangers of the length of service pensions. In *Science* for April 2, 1909, I wrote:

> The reasons leading to the adoption of retirement after twenty-five years of service are obscure to me unless it is intended to relieve institutions of men whom they do not want to keep. . . . In order to reward a professor after long years of service, he should be relieved not of half of his salary and the privilege of teaching, but of so much routine instruction and administration as interfere with his research. . . . It may on the whole be regarded as fortunate that the Carnegie Foundation has not the means to continue these annuities for length of service. They will, I fear, tend to demoralize both the ''humble and ill-compensated'' professor and the ''conspicuous'' and much-tempted president.

My anticipations were soon justified by the troubles at the George Washington University, which retired on the foundation two of its professors against their will in order to save their salaries and because they did not agree with the policies of the administration, and which then was dropped from the list of institutions accepted by the foundation. I was, however, not

less surprised than my colleagues to learn that the trustees of the Carnegie Foundation on November 17 had not only abolished the retiring allowance for length of service, but had made their action apply to those to whom the pensions had been promised.

This action would be absolutely incomprehensible if it were based on the grounds alleged by the president in his annual report, which has just now been printed. He does not even remotely refer to the financial inability of the foundation to carry out the obligations it had assumed, but bases his recommendation on the fact that he has unexpectedly discovered that presidents and professors take advantage of the rule, and that its effect is not "good" owing to "the opportunity which is thus opened to bring pressure to bear on the teacher, or by the tendency of the teacher assured of a retiring allowance to become ultra-critical toward the administration." This last clause throws a curious light on the administrative attitude—it would be dangerous to let the professor criticize the administration if thereby he risked losing only half of his salary and not all of it.

President Pritchett says: "The expectation that this rule would be taken advantage of almost wholly on the ground of disabilities has proved to be ill founded." But what warrant had the trustees for this expectation? The act of incorporation states that the object of the

foundation is to provide retiring pensions for teachers who "by reason of long and meritorious service, or by reason of old age, disability or other sufficient reason shall be entitled to the assistance and aid of this corporation." The rule adopted in regard to the first of the two classes of pensions specified in the act of incorporation reads: "Any person who has had a service of twenty-five years as a professor and who is at the time a professor in an accepted institution, shall be entitled to a retiring allowance computed as follows."

The change in the attitude of the president of the foundation has been as sudden as it is complete. In a letter to him, written on March 21, 1908, I said that the wisdom of the length of service pension was doubtful, and in his reply, intended for publication in *Science* and printed in the issue of April 24, 1908, he wrote:

The provision for permitting a retiring allowance to be gained upon length of service seems also to us to add much to the value of the retiring allowance system. Under this provision a professor may, at the end of twenty-five years, retire on a stated proportion of his salary, the proportion increasing with each year of service. It is not likely that many professors will avail themselves of this provision. The man whose heart is in his teaching will not wish to give it up until a much later period. There are, however, teachers to whom this provision will be specially attractive, and that is to those who desire to spend the remainder of their active lives in scholarly research or literary work rather than in teaching. I can imagine no better thing for an institu-

tion of learning than to have about it a group of men who are engaged in active research and who are not burdened with the load of teaching which falls to most American teachers. In this way the retiring allowance will contribute directly to research.

Dr. David Starr Jordan, one of the trustees, is much franker than the president. He writes to the *Evening Post* that it seemed "financially impossible" for the foundation to meet the demands made on it under the rule. This is certainly a valid ground for not admitting to its privileges additional institutions or those not yet professors; but according to law resort must be had to the bankruptcy court when financial obligations can not be met. Whether the foundation is liable to those who have been financially injured by the change in the rule is an open question. Probably the only precedent is the case of Professor Capps against the University of Chicago, in which it was decided that a university can not alter its statutes to the financial disadvantage of a professor. It seems that it might be urged that the foundation has made an implicit contract with the professor. To encourage the advancement of teaching it promises certain rewards to those who perform certain services. Those who have performed the services can perhaps recover at law the payment promised. But whatever the legal obligation may be, the moral responsibility is obvious. President Pritchett writes that the "change will command

the approval of the great body of devoted and able teachers.'' When he learns of his extraordinary error, he will, it may be hoped, recommend such modification of the new rule as will be accepted as equitable by those concerned.

The president of the foundation writes: ''It is part of the invariable policy of the Carnegie Foundation to place in the hands of those interested in education the fullest details respecting the foundation and its administration.'' But it is not clear that the foundation has been entirely frank in the present instance. The official statement in regard to the rules signed by the secretary of the board of trustees reads:

> The rules as thus amended provide a retiring allowance for a teacher on two distinct grounds: (1) to a teacher of specified service on reaching the age of sixty-five; (2) to a teacher after twenty-five years of service in case of physical disability.
>
> Although these are the general rules governing retirement, the trustees are nevertheless willing to grant a retiring allowance after the years of service set forth in Rule 1 [Rule 2?] to the rare professor whose proved ability for research promises a fruitful contribution to the advancement of knowledge if he were able to devote his entire time to study or research; and the trustees may also grant a retiring allowance after the years of service set forth in Rule 1 [*sic*] to the executive head of an institution who has displayed distinguished ability as a teacher and educational administrator.

Dr. Jordan has printed the actual resolution adopted by the trustees, as follows:

It was also on motion, duly made and seconded, resolved that first, the executive committee be instructed to safeguard the interests of the following classes of cases: (*a*) those who have research work in view and have shown themselves unmistakably fit to pursue it; (*b*) those whose twenty-five years of service includes service as a college president; and (*c*) those in whose mind a definite expectation has been created by official action that they will be accorded the benefits of the foundation within the year 1910; and that, secondly, the executive committee be authorized to formulate regulations in accordance with these instructions.

It is difficult to reconcile the statement under (*a*) with the announcement of the secretary. In the case of (*b*) one can only reconcile the two versions by assuming that the presidents who make up the board believe that there can be no college president who has not "displayed distinguished ability as a teacher and educational administrator." It is not easy to guess a creditable reason for not having made (*c*) public, for it would not be honorable to conceal it in order to save the money due to those who might apply under the resolution if it were known to them.

It is certainly odd that a board of trustees consisting of university and college presidents should increase the maximum pension from $3,000 to $4,000, which can practically only be of advantage to the comparatively highly salaried president, and should retain the privilege of retiring after twenty-five years, when this is denied to the professors through the financial

inability of the foundation. But perhaps they assume that higher education can be best advanced by retiring the president whenever possible.

The lack of foresight and expert knowledge displayed by the president and trustees of the foundation is truly astounding. Mr. Carnegie wrote in his original letter to the trustees:

> I have, therefore, transferred to you and your successors, as trustees, $10,000,000, 5 per cent. first mortgage bonds of the United States Steel Corporation, the revenue from which is to provide retiring pensions for the teachers of universities, colleges and technical schools in our country, Canada and Newfoundland under such conditions as you may adopt from time to time. Expert calculation shows that the revenue will be ample for the purpose.

In making his additional gift for tax-supported institutions, he wrote to the president:

> I understand from you that if all the state universities should apply and be admitted, five million more of five per cent. bonds would be required.

As a matter of fact, a million dollars will not support an adequate pension fund in a single large university—Yale already draws $35,000 a year—and if the state universities continue to develop, as at present, and retirement at sixty-five is made obligatory, five million dollars will not permanently suffice for a single university.

The increase in the appropriations of the foundation for pensions this year is $162,815,

and the total appropriation for pensions is $466,-320. The total income of the foundation last year was $544,355, and the administrative expenses were $53,584.85. After Mr. Carnegie gives the additional five million dollars, the income will soon be exhausted, even though one of the two objects of the foundation, as stated in the act of incorporation, may be abandoned.

THE FIFTH ANNUAL REPORT OF THE PRESIDENT OF THE CARNEGIE FOUNDATION[1]

President Pritchett's annual report gives a full and clear statement of the business of the Carnegie Foundation for the Advancement of Teaching during the year ending November 30, 1910, and includes an essay on the relations of colleges and secondary schools.

The University of California, Indiana and Purdue Universities, and Wesleyan University have been added to the accepted list of the foundation. The two state universities—for Indiana and Purdue form together essentially one state university—obviously meet standards which allow the admission of colleges such as Beloit, Carleton, Coe, Dickinson, Drake, Drury and Knox. The tax-supported universities previously admitted are Michigan, Wisconsin, Minnesota, Missouri and Toronto. It seems to the present writer most unfortunate that the executive committee of the foundation should prescribe to the state universities what they must do in order to receive pensions. Illinois has been told that it must break the agreement which it made with the professors of the medical school in Chicago; Ohio that it must reconstruct its educational policy, and the like. It is to be hoped that those

[1] Printed in *Science*, March 3, 1911.

in control of the state universities will resent such dictation. Indeed one can not altogether dismiss the suspicion that the officers of the foundation have the same hope, in order to be released from obligations which they could not meet.

Wesleyan University has amended the charter which made it ultra-denominational—for it required not only the president and a majority of the trustees, but also a majority of the professors to be members of the methodist episcopal church—and although one fourth of the trustees are elected by the conferences of the church, it has complied with the rules of the foundation. Other institutions which are altering or trying to alter their church affiliations should know that the foundation will be very cautious in assuming further financial responsibility.

This appears to be at last clearly acknowledged by the president and the executive committee. The president makes the acknowledgment retroactive when he writes:

> In every report issued by the Carnegie Foundation, the effort has been made to call the attention of colleges and universities to the fact that the endowment in the hands of its trustees would provide at most an adequate retiring allowance system for only a small minority of the institutions in the United States and Canada bearing the name college or university. This was most strongly urged even in the First Annual Report.

But in his first annual report, President

Pritchett estimated that with the original endowment the foundation could accept from one hundred to one hundred and twenty institutions,[2] including payment of pensions for length of service. He wrote:

> It may therefore be safely assumed that while the income of the Foundation is sufficient to carry out the original plan of the Founder it is not sufficient to extend the system of pensions, at least at first, beyond the scope which he indicated in his letter of gift. It would seem therefore clearly the true policy of the Trustees at the inauguration of the Foundation to work within these limits, giving a generous interpretation to the terms ''sectarian'' and ''state'' control.

In his letter of gift, Mr. Carnegie wrote: ''Expert calculation shows that the revenue will be ample'' ''to provide retiring pensions for the teachers of Universities, Colleges and Technical Schools in our country, Canada and New Foundland.''

The state of the finances of the foundation is shown in the report of the treasurer, from which it appears that the receipts for the year were $543,881 and the expenditures $538,148, leaving a surplus income less than $6,000. The obligations undertaken for the current year leave a deficit of nearly $100,000. This will doubtless be met from the income of the further five million dollars which Mr. Carnegie has consented

[2] More than existed, having the educational standards required by the foundation, and being non-denominational and non-tax-supported.

to give for tax-supported institutions. He wrote to the president of the foundation on March 31, 1908: "I understand from you that if all the State Universities should apply and be admitted Five Millions more of five per cent. bonds would be required." But there are eighty-three institutions supported by states and provinces, of which but eight have as yet been admitted to the accepted list of the foundation.

If such of these institutions are accepted as fulfil the educational requirements originally set by the foundation, the income next year would not meet the expenses, and thereafter the deficit will increase at a rate not not less than $100,000 a year. It will be necessary for Mr. Carnegie to give at least two million dollars each year in order that the income may meet the increased charges.

Under the circumstances it is not surprising that the executive committee has voted that

> it is not expedient in the future to grant retiring allowances outside of the accepted list, except in cases of especial significance in institutions whose standards are so advanced that within a short time the institution will be ready to apply for admission to the Foundation.

How incompletely even such a great gift as Mr. Carnegie's establishes a pension system for higher education throughout the country is illustrated by the fact that Knox College is the only institution accepted in the state of Illinois and Tulane the only institution south of Maryland and Missouri.

The financial inability of the foundation obviously accounts for the discontinuance of the length of service pensions. What needs explanation is why they were established, why they were discontinued in the manner adopted and why they were not paid to those to whom they had been promised. Suppose that Mr. Carnegie in order to get better domestic servants and at lower wages had promised that those who wished could retire after twenty-five years of service with half wages. If he found that the arrangement did not work well or that he did not have enough money to keep up his establishment, he might very well have employed no new servants on these terms. But would he have broken his engagement with those who had served part of the time; and, if so, what would have been the decision of the courts if suit had been brought?

In his report Dr. Pritchett dismisses the breaking of the pledges of the foundation lightly with the single remark:

> The experience of the year has confirmed in the judgment of the trustees the wisdom and essential justice of the action taken a year ago.

Now this is a truly remarkable, indeed an almost incredible state of affairs. The present writer has discuscsed the matter with some two hundred university professors in the course of the past year, and so far as he remembers not a single one of them regarded the action of the

trustees as other than unwise and unjust. In the act of incorporation the objects of the foundation are stated to be to provide pensions of two kinds: (1) for long and meritorious service and (2) for old age, disability or other sufficient reason, and further "to do and perform all things necessary to encourage, uphold and dignify the profession of the teacher and the cause of higher education." In the method used to give up the pensions for length of service the foundation has certainly not fulfilled the obligations specified in the second part of its charter.

It is obvious that unless Mr. Carnegie greatly increases the endowment of the foundation it can not meet its present obligations. They obtain most of all in the case of the younger men now entering the academic career in view of its promises. It will doubtless be necessary to give up the retiring allowances, for age and confine them to disability. The present writer does not regret this, for reasons which he has fully stated (*Science*, April 2, 1909).

Retirement at the age of sixty-five has substantially the same drawbacks as retirement after twenty-five years of service. Men who are less competent or who are not in favor with the administration will be retired; and instead of security and loyalty, there will be unrest and bitterness. The president will be quick to retire professors because their pensions are not paid by his institution, but from an outside source.

There is no more reason for retiring professors at sixty-five than justices of the supreme court. There should be pensions (or still better full salaries after long terms of service) for disability, but these should be paid by the university. It would have been far better if the Carnegie Foundation had given its income as an endowment to one institution after another for the establishment of a pension system. Its present financial difficulties would have been avoided, and the dangers of a centralized autocracy would have been escaped.

It is to be hoped that when the trustees of the foundation abandon the retiring allowances at the age of sixty-five years, they will do so in a manner that will "encourage, uphold and dignify the profession of the teacher and the cause of higher education."

TEN YEARS OF THE CARNEGIE FOUNDATION[1]

By Joseph Jastrow

The first and largest ground for the establishment of systems of retiring pensions for teachers has been found in a wish to strengthen the teaching profession.—First Report of the Carnegie Foundation.

A review of so important an institution as the "Carnegie Foundation for the Advancement of Teaching" implies the acceptance of a serious responsibility. Under ordinary circumstances the reviewer would confine himself to a critical survey of the plans and accomplishments of the foundation and an appraisal of their educational and social significance. Unfortunately the career of the foundation in the ten years of its existence presents a questionable departure from the policy and purposes in which it had its origin; this fact disturbs the perspective of discussion. The serviceable plan will be to consider the scope of the foundation; its contribution to educational progress; and to reserve the central place for the examination of the management of the retiring allowances which were established "to strengthen the teaching profession," "to attract into it increasing numbers of strong men," and "to advance its social dignity and stability."

[1] Printed in *School and Society*, October 7, 1916.

The favorable comment—indeed, the enthusiastic approval—with which the announcement of Mr. Carnegie's notable philanthropy was received, is as valid now as ten years ago to show the public and professional appreciation. The first obligation and privilege of the reviewer is to express to Mr. Carnegie the gratitude of the teaching profession for his recognition of a need and the means whereby it may be met. The wisdom of the benefaction appears in the recognition that the direct method of stimulating the intellectual life of the nation is by provisions for the men who are charged with the intellectual interests; that this can be done by improving the personal and social status of the teaching profession in the stronger institutions of learning; that a central influence for this end is desirable and may perform a unique service. The foundation began its career with important assets: the good will of the public, the appreciation of the teaching profession, the approval of its principles and the measures which it inaugurated to relieve defects in the higher education.

University life in this country lacks any comprehensive centralizing influences. Education has drifted along, indeed muddled through in approved Anglo-Saxon fashion. Yet the chaotic result is by no means a source of undisturbed satisfaction. A superfluous number of small and weak colleges, ambitious in project and lame

in performance, a confusing injection of denominational control and purpose, loose relations to preparatory schools, uncertain standards of scholarship, poverty and the stress of pioneering, political and local influences equally unintelligent, a low appreciation of the teaching profession—these conditions reflect the rapid expansion of a new country and a heterogeneous culture. Here as elsewhere, democracy has paid the price of liberty and free initiative. Considering the handicaps of condition, the actual achievement of the last forty years and the increasing enlightenment of the last twenty years present in retrospect a progress comprehensive and remarkable. The leadership has fallen to a group of men in the several centers of educational influence, inspired by a responsible initiative and by traditions that could readily absorb and express the ideals of scholarship and expert service demanded by an expanding democracy.

In such weighty matters no one can speak with greater authority than attaches to the critical insight of the group with which he finds sympathy of temperament, ideals and experience. Thus speaking, one may express the conviction that there is a distinctive place for a centralizing influence such as the Carnegie Foundation for the Advancement of Teaching; that indeed a private institution, disinterested and with the prestige of conferring a comprehensive benefit, stands in a peculiarly favorable position. This

conclusion strongly endorses the decision of the foundation to conduct a series of investigations of educational problems; it approves the attempt to point out the weak points in educational provisions and to labor for their improvement; it extends this approval to the measure of definition and standardization needed for a reasonable working conception of an institution that may be a proper candidate for the benefits it has to offer. The step is not without its dangers. Extreme or mechanical standardization is undesirable; small colleges, like small nations, should be encouraged to seek salvation in their own temper; differences when spontaneous are more valuable than resemblances. The offer of benefit coupled with conditions, if unwisely exercised, may impose where it should be content to encourage. But the fact remains that the task of introducing some orderly conception into educational ideals and practises is of large importance. Some would look to the national government for such a function. It is doubtful whether the traditions as well as conditions of political office in this country are favorable to such a project, even if there were a secretary of education in the cabinet and an organized department at his command. The commissioner of education exercises an uncertain jurisdiction, which spreads over too large a circuit for intensive influence; cooperation rather than initiative may reasonably be expected of that office. The de-

cision of the foundation to make itself a bureau of inquiry to gather and interpret information conducive to the progress of educational methods and standards, led (in 1913) to the establishment of a "Division of Educational Enquiry" with an independent endowment.

The bulletins of the foundation give evidence of the value of the function thus assumed. The most notable is the comprehensive study by Mr. Abraham Flexner of medical education in this country and in Europe. This able, critical and frank review exposed the weaknesses of the *laissez faire* policy (especially under the temptation of a pecuniary profit), and gave an articulate expression to medical standards. The comparison with foreign institutions clarified the conception of professional training and the dependence of progress upon scientific ideals. Similar surveys of professional education in law and engineering are in progress, with definite reports already issued on certain aspects of the problems involved. A bulletin upon the mooted question of efficiency, though not extreme in its position, lends weight to an irrelevant estimate of academic values. So appalling has been the sporadic invasion of the efficiency engineer into the precincts of "the academic plant" that even the semblance of warrant (and the report goes far beyond that) adds to the menace which the word carries to those to whom the university is hearth and home. That the foundation has en-

tered the field of educational surveys with an appreciation of the serious obligation in time and money and expert aid that it implies, is shown by the report upon the educational provisions of the state of Vermont. This document should make impossible the travesty of hasty and irresponsible judgment which the term "survey" has too commonly and too charitably covered. Apart from the one instance in which the dignity, security and peace of mind of an important university were ruthlessly and aimlessly sacrificed to the morbid appetite of the modern inquisitor, there are indications that the "survey" idea is likely to spread with disastrous consequences. The foundation may be looked to to set the standard for discerning inquiry, and eliminate the pretenders from this too inviting field. With a similar ideal of service the foundation has reported upon a few cases of invasion of academic liberty or unjust exercise of political authority. This function it may now wisely turn over to the Association of American Professors; for it is desirable that professional interests shall be protected by the profession concerned.

The publications in bulletins and the reports of the president, Mr. H. S. Pritchett, consider a range of problems, in which naturally an examination of existing pension systems in educational and industrial corporations, private and governmental, domestic and foreign, contributory

and non-contributory, occupy the largest space. Other questions considered are: the financial status of the professor, the state and national relations to education, the business side of universities, the exchange of teachers, educational legislation, tuition charges, types of governing boards. In respect to these the foundation has gathered new and significant data and has drawn practical conclusions, indicating the points of weakness and the direction of practical and desirable progress. Such by-products of American education as sham universities, college advertising and college catalogues are touched upon, and reveal conditions amusing when not too discreditable. At times the reports give the impression that their pages are used as a medium of personal opinion; it would be better to distinguish between individual and official statements and to avoid the appearance of an imperially benevolent wisdom.

Equally prominent is the account of the activities of the foundation and of the inquiries incidental to them. These are for the most part germane and helpful, though too commonly diffuse and in the form of controversy, defense and the refutation of obviously irrelevant criticism. They serve to show how many and various are the problems which the foundation has had to face, once it decided upon the proper policy of selection of the institutions and the qualifications for acceptance. Sectarian institutions

were to be excluded; but it required considerable investigation to determine the measure of restriction in view of the many kinds and degrees of denominational control. To determine what is and what is not a college required examination of entrance requirements, college courses, financial support. The foundation was forced to assume the responsibility for its conclusions, however unanticipated their bearing. The examination has been painstaking, and important service has been rendered in disclosing the issues and the divergences of theory and practise. The point of danger in the exercise of this function is that of bringing undue pressure upon an institution to shape its course toward the benefits of the foundation. This comes back to the fundamental question of the wisdom of the policies of the foundation and the quality of the discrimination which it exercises. Every institution is free to choose between its own established traditions and the qualification for benefit; justice is no more and no less difficult a compromise in this than in many other practical decisions. The influence of the foundation remains; it sets the example which each institution may follow in its own manner.

We thus reach the policies of the foundation and the benefits of the retiring allowances which its funds provide. In such complex social provisions, practise must follow the clue of principle. The leading principle adopted by the

foundation is reprinted as the text of this review. It is just as sound now as it was ten years ago; if it has been forgotten or ignored by the foundation, that is an additional reason for its restatement. To provide relief in old age is one matter; to strengthen and dignify the profession of teaching is quite another. The provisions that accomplish the latter may include the former; the reverse relation does not hold. As in all important decisions, the critical issue is what shall be first and what second. Honor places one rule of conduct first, and expediency another, as the world knows to its sorrow. If the principles and the promises of the foundation are to be treated after ten years as "a scrap of paper," there is at least the consolation that no specious diplomatic reason may be urged for maintaining a demoralizing neutrality of opinion. The obligation of protest is imperative.

The original position is clearly stated. In recognition of the poor reward of the teaching profession, the retiring allowance is established to compensate the deficiency. It was explicitly stated that a retiring allowance as a charity would be unacceptable and "has little to commend it."

It is essential, in the opinion of the trustees, that the fund shall be so administered as to appeal to the professors in American and Canadian colleges from the standpoint of a right, not from that of charity, to the end that the teacher shall receive his retiring allowance on exactly the same basis as that upon which he receives

his active salary, as a part of his academic compensation (Pritchett: 1906). To these teachers and their families the pension coming unexpectedly in old age after a life in which no adequate provision had been made for failing activity has come as a very gracious and noble charity, and has been accepted in an admirable spirit (Pritchett: 1916).

This metamorphosis—one of several, equally adroit—of a rightful "part of [his] academic compensation" into "a very gracious and noble charity" will explain the difficulty of a reviewer in appraising the policies of the foundation. With principles so ephemeral and policies maintained by an agility beyond a humble academic capacity, the reviewer may pertinently interject a plea for indulgence as a charity if not as a right.

The rules of retirement applied to two classes: to those retiring at the age of sixty-five; to those retiring after twenty-five years of service. The allowance for the latter was reduced to approximate the draft upon the funds. *Disability was separately considered and provided for.* Of the two provisions the second more distinctly served to strengthen the teaching profession; it indicated that the foundation sought to influence the career of the professor while in command of his best powers. The clearest statement by Mr. Pritchett of the value of this provision is in a published letter of 1908:

I can imagine no better thing for an institution of learning than to have about it a group of men who are

engaged in active research and who are not burdened with the load of teaching which falls to most American teachers.

This provision "adds much to the value of the retiring allowance system"; there are teachers "to whom this provision will be specially attractive." President Jordan as a trustee of the foundation adds: "the retirement of men in good health to pursue their studies unhampered may be regarded as one of the most important functions of the Carnegie Foundation." So decided was the original emphasis upon reward and encouragement and not relief, that the one relief standing closest to the solicitude of the professors—that of provision for widows—was explained as of a different type and made discretionary.

In all cases, the granting of pensions to widows of professors stands upon a different basis than that of the retiring allowances to professors.

This provision was clearly an error of judgment; and in 1910 a correction was made, and the widow's allowance was rightly placed upon the same mandatory basis as that of the professor. An allowance for a widow contingent upon the favor of a board of trustees is hardly a consoling provision; but the lack of judgment in framing it may be excused, if it was due to the adherence to the principle of direct benefit to the active professor. The retiring allowance was conceived as a *right;* to make this plain the

initiative in the matter of service-retirement rested with the professor. If the foundation had continued this policy and used the funds in accord with it, and had assumed no obligations which it could not meet, its history and the present task would have presented a far simpler and pleasanter aspect. The manner of its abandonment introduces the critical step[2] in the history

[2] In considering this step it should be stated clearly and emphatically that the wisdom of the provision for service-retirement in the form adopted is *not under discussion.* The present reviewer is convinced that the purpose aimed at in this provision is *the* most important service which the foundation can undertake. He is not convinced that the provision was as well framed as was possible, but was content to accept it for the purpose which it emphasized. The best criticism of the entire plans of the foundation is given by Professor Cattell (*Science,* April 2, 1909), who, however, questions the value of annuities and their dispensation by a central institution. His contention that the work of the foundation should have been confined to helping selected institutions to found a pension system—each for itself in general conformity to a minimum requirement—is worthy of the most serious consideration, especially in the light of recent proposals. An equally radical objection to the policies of the foundation (which can not be discussed on the present occasion apart from the general reference made above) questions the desirability of influencing educational policies by disinterested examination and criticism and combining with it the interested offer of financial support; it suggests the palm of reward, in one hand, and the club of coercion in the other. The consideration is of vital importance; the danger is real and its avoidance requires that wise discretion without which rule imposes when it should but direct.

of the foundation—the indefensible invasion of protected territory.

The service pensions were abolished in 1909–1910 without warning or opportunity for discussion. The manner of their withdrawal and the reasons assigned made a bad matter indefinitely worse. A quotation from an editorial article in the New York *Evening Post* (February 28, 1910) sets the situation in its proper light.

> Dr. Pritchett says that "the expectation that this rule would be taken advantage of almost wholly on the ground of disabilities has proved to be ill-founded"; but if this is meant as a defense against the charge of want of good faith, it betrays a misty notion of the nature of moral obligations. If disability was meant to be the basis from the beginning, nothing would have been easier than to say so; if it was not, then it was absolutely honorable, right and proper for any man to avail himself of the retiring allowance offered him without reference to question of disability. . . . If to retire under a pension is to mean to retire under a censorship, the Carnegie Foundation may conduce to the material comfort, but will certainly not conduce to the dignity or self-respect of the profession of university teaching. And, to come back to the main point, the homely obligation of fulfilling in a reasonable measure substantial expectations that have been raised by one's own declared intentions is a duty antecedent even to the high purposes to which the Carnegie Foundation is dedicated.

The aspersions cast by Mr. Pritchett upon the men who accepted the original statement in good faith is a sufficient indication of the spirit of his direction of the affairs of the foundation.

The attempt to introduce after the act an interpretation that is not remotely suggested in the original statement, comes so near to unmitigated duplicity that there is no purpose in avoiding the term; the injury and the insult are alike indefensible. But the actual offense is even worse. A year later Mr. Pritchett has nothing to say of the repudiation other than this:

> The experience of the year has confirmed in the judgment of the trustees the wisdom and essential justice of the action taken a year ago.

Upon which Professor Cattell (*Science,* March 3, 1911) comments:

> Now this is a truly remarkable, indeed an almost incredible state of affairs. The present writer has discussed the matter with some two hundred university professors in the course of the past year, and so far as he remembers not a single one of them regarded the action of the trustees as other than unwise and unjust.

Such disregard of actual opinion explains the distrust with which all further statements emanating from this source have been received.

The record of the foundation up to the moment of this fateful action was worthy of the respect and appreciation which it received on all sides. Opinions differed as to the wisdom of the management; criticisms seemingly overcritical have since been proven pertinent, even prophetic. But the manner of repudiating specific obligations left a sense of irritation to be added to the fear then expressed, that a foun-

dation with no more conscience than to abolish one of the two provisions which constituted the practical expression of its purpose, would with equal disregard of moral or legal rights abandon the other. In 1915–16 a proposal was issued looking to the complete reversal of (nearly) all its policies.

There is one exception to the rule that actions speak louder than words. The manner of defense of questionable actions often reveals a deeper insight into motives and character. (This, too, the world has learned to its sorrow; the defense of atrocities and illegal invasions is even more shocking to the moral sense than the disregard of rights.) The fact that the service-pension "right" was curtailed without warning, and with the amazing assumption (if sincere) or the arrogant assumption (if a doubt or suspicion of the opposite remained), that the "change will command the approval of the great body of devoted and able teachers," is illuminated by the further fact that there is no mention of financial stress, no manner of admission that even a part of the motive for abandoning a provision "that adds much to the value of the retiring allowance system" (Pritchett: 1908) is the imminent stringency of funds. No! the reason lies wholly with the professor and his moral shortcomings. The professor (of the year 1909) was informed that the rule was withdrawn to protect him from the wiles of the "ad-

ministration'' which might force him out against his will, or use this power to interfere with ''academic freedom'' and ''academic contentment.'' Apart from this benevolent motive, there is also ''the tendency of the teacher assured of a retiring allowance to become ultra-critical toward the administration.'' (And a more heinous offense the academic world knows not; observe the propriety with which the punishment fits the crime.) The confidence of 1908[3] in the value to a university of a set of

[3] The discoveries of 1912 make the matter more explicit. By employing his favorite retrospective periscope, Mr. Pritchett finds that ''the intention was in fact to use the rule of service retirement as a disability provision.'' To put it mildly, this statement deviates from the fact; the disability provision is stated distinctly and separately and has no more bearing upon service-retirement than upon age-retirement. Since Mr. Pritchett had so many good reasons for abolishing the service-retirement it was unworthy of his imagination to resort to a misstatement. Since teachers do not rise ''above the appeal of self-interest'' and since ''after a few years of administration it was perfectly clear that the rule was doing harm rather than good,'' and since professors as a class are not worth pensioning anyhow, for men in the early fifties were applying for pensions ''upon trivial and selfish grounds'' (such as that they had been told it was honorable to accept them), why seek further? Here is the net issue: ''The pensions to widows have, on the whole, seemed to bring the largest measure of help and comfort with the smallest possible consequences of an undesirable nature.'' Of professors, as of Indians, it is true that the only good (or safe) ones are dead ones.

men not overburdened by teaching has proved an illusion. (Far from spending his time profitably, the retired professor was presumably tempted to speculate extravagantly on Wall Street with his unearned gains, which however he received "on exactly the same basis" as his active salary.) That is not all. "It seems that this rule offers too large a temptation to certain qualities of universal human nature."

(Qualities so universal that they could not be anticipated three or four years before, and so disreputable that they can not be further specified.) And the facts (Report of 1909) are these: that of forty men who retired on the service rule as many as twenty-eight failed to be sufficiently decrepit and senile "to strengthen the teaching profession." After a comprehensive study of the situation Mr. Pritchett magnanimously and discriminatingly concludes that a professor retiring upon two thousand dollars at the age of sixty-five (though safer a few years later when he will be less of a load upon the foundation) is fairly immune to the disastrous moral effects of a pension (protection from which has now become the chief solicitude of the foundation), but that a youth of fifty-nine (which is the average age of the able-bodied academic criminals who retired while still inadequately incapacitated) can not be safely trusted with so much money in an enforced idleness (since the foundation prohibits any measure of

teaching on penalty of withdrawing the pension). Three long years of "administrative experience" (accidentally coincident with the discovery of gross financial miscalculation) proved that it was a mistake to promise the privilege; and that it is wise and just (and benevolent) to remove the temptation, thereby again strengthening the teaching profession.[4]

[4] The reception of this reading "back into the past intentions of the foundation its present purpose" may be judged by a few citations from a letter of Professor Lovejoy (*Science,* March 18, 1910). "The president of the foundation quotes verbatim the original service-pension rule (which says nothing whatever about disability) and immediately adds the surprising comment, 'the second rule thus became a complex one, covering service and disability.' (It may be noted that the word 'disability' was already to be found in ordinary English dictionaries in the year 1906)." The fact that the president "reflects severely upon the twenty-eight persons who, without disability, accepted service pensions" "certainly affords conclusive evidence, which should be pondered by professors and governing boards in 'accepted institutions,' that the apparently plain language of the foundation's rules gives no clue whatever as to what the officials of the foundation may subsequently announce that they have previously been anticipating." The matter of becoming "ultracritical toward the administration," "seems to mean, if it means anything either that an important proportion of the members of the profession are kept in order only through fear of losing their positions, and that, if assured of an independent competency, they would forthwith behave in an unreasonable manner; or else it means that, whether the criticism that might proceed from professors were rea-

The embarrassment of the reviewer in speaking of any policy or principle of the foundation without attaching to it the vintage-date of its maturing is thus indicated. In the years 1912 to 1915 there are hints of the approaching disintegration of the surviving principles of the campaign of 1909 to 1912. As the margin between income and expenditure shrank, it was found that the age of sixty-five was too low for safe and proper retirement; it was found that a contributory pension system was the only justifiable one, and that it was neither to the advantage of society nor of the individual that a teacher be given a pension at the most productive period of his life, however distinguished his service, unless the same had been paid for by himself under a fair contributory system. It appears that it is not the income and the leisure that does the harm, but the circumstance that (in spite of the fact that he receives the retiring allowance on the same basis as his salary (1906)—a basis that in 1912 is still earned, still a right, but no longer quite on the same basis as his salary, and in 1916 is a full-fledged

sonable or not, they should in any case be kept silent and subservient by a mild form of terrorism. I can not think that the publication, by a person holding the position of the president of the Carnegie Foundation, of such views as this concerning the average character and self-respect and the proper status of the members of our profession, is likely to improve the public standing of that profession.''

charity), he has not paid for the pension directly from his inadequate salary. But the reviewer must be careful to distinguish between the conclusions of 1912 and those of 1915–16.

The warrant for the arbitrary withdrawal of the service-pensions is alleged to reside in the reservation that the trustees by a two thirds vote may modify the rules of retirement. Whether this power applies to the withdrawal of promised benefits can be decided only by the courts; such legal decisions as seem pertinent indicate that no such power is included. That the withdrawal was illegal as applied to those who had established a just expectation can hardly be questioned; the determination of such a just expectation is not a simple matter. But it would be discreditable to the high purposes of the Carnegie Foundation to ask that its actions be judged by no higher obligation than a minimum conformity to the letter of the law. There may have been available just procedures by which the service privilege could have been withdrawn and the established rights respected. These were not employed. A gross injustice and a serious moral violation affect the action as taken. Misleading representations of a peculiarly offensive type were used, and insult added to injury by impertinent aspersions and a juggling of argument which merits a phrase of Huxley's: "copious shuffling." On these counts the foundation, by accepting the reports of its

president, stands convicted.[5] The verdict is important in view of the measures now proposed and pending.

Writing in 1911 with prophetic anticipation, Professor Cattell said:

> It is to be hoped that when the trustees of the foundation abandon the retiring allowances at the age of sixty-five years, they will do so in a manner that will "encourage, uphold and dignify the profession of the teacher and the cause of higher education."

The overtures of Mr. Pritchett in "A Comprehensive Plan of Insurance and Annuities for College Teachers"[6] (1916) propose the aban-

[5] Justice requires the statement that the trustees who took office after 1910 should be exonerated from these charges; their names may be found by comparing the list of trustees in 1910 with the later lists. While it lay in their power to raise the question of the justice of the actions of their predecessors in office, the difficulties of such a step are obvious. The minority of the board who may have opposed the action without registering a public protest are entitled to like consideration.

[6] The principal reversals of policy contained in the "comprehensive plan" deserve to be enumerated. In 1912 "the inauguration of a compulsory contributory plan would have been impossible for any outside agency"; in 1916 it is proposed as a just and adequate solution of the pension problem and one that was demanded all along by a (until 1916 undiscovered) social philosophy. In 1912 it was not fair to ask the professor to contribute. Moreover, "An insuperable difficulty was presented by the form of the gift itself. By the terms of this gift, the income of the foundation was to be spent in providing pensions for the teachers who had

donment of the age-retirement. The plan will come up for action in November; the issue is critical. The action to be taken may lead to the rehabilitation of the foundation under different management; or may prove to be the occasion for its last will and testament. Profiting by the experience of 1909, the trustees voted to submit the plan to all professors in associated

served their generation unselfishly upon salaries which made provision for old age almost impossible. To have begun a system of pensions which called forth at once an additional expenditure on their part would have been repugnant to the idea of the endowment.'' As is too familiar, the world of 1912 was a very different one from the world of 1916. Insuperable difficulties have become distinct obligations of the trustees; the same salaries which made provisions for old age impossible now make them ''readily available''; ''the idea of the endowment'' is so elastic that what is repugnant in 1912 is demanded by a social philosophy eagerly welcomed by teachers of 1916. The unselfish service of 1912 gives way in 1916 to the sentiment that ''the possession of a pension or the right to possess one . . . tends to arouse that selfish conservatism which exists in greater or less measure in every human breast.'' Even the professor is entitled to consolation; he may find it in the fate of Tommy Atkins:

Then it's Tommy this, an' Tommy that, an' ''Tommy 'ow's yer soul?''
But it's ''Thim red line of 'eroes,'' when the drums begin to roll.

. . . .

An' it's Tommy this, an' Tommy that, an' anything you please;
An' Tommy ain't a bloomin' fool—you bet that Tommy sees!

institutions. Disregarding the lessons of the past, Mr. Pritchett presents his proposals in the same objectionable manner that characterizes his past utterances when creditable reasons must be sought for conclusions otherwise determined —thus calling forth the caution of Professor Cattell:

> It is desirable at least to watch the Greeks, both when they bear gifts and when they take them away.

There is the same copious shuffling of the issues, the same lack of frankness, the same assumption of benevolence of motive, the same disregard of accepted principle as of actual opinion, the same aspersions and evasions. There is an improvement in adroitness and plausibility, and a larger use of the method of presenting masses of sound data and deductions in a context that invites an irrelevant application. The task of clearing the dust-heaps and presenting the bare issues is much facilitated by the protests which several universities have registered against the plan.

Writing in 1909 of the repudiation of the promised service-retirement, Professor Cattell said: "This action would be incomprehensible if it were based on the grounds alleged by the president in his annual report, which has just now been printed. He does not even remotely refer to the financial inability of the foundation to carry out the obligations it had assumed, but

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bases his recommendations" upon the bad effects of the provision. In the present instance the admission of financial difficulty is clear but hardly ample, only that "any pension system resting upon a fixed endowment must inevitably reach its limit, and that the resources of the foundation, and any addition likely to be made to them, would provide a pension system in only a limited number of institutions." The first clause does not suggest a petition in bankruptcy, and the second is a fixed(?) principle of the foundation. The irritating pretext of the "Comprehensive Plan"[7] is that "the reason for the existence of such a report lies in the desire to correct the weaknesses of the present system, etc." A frank statement would place the reason in the admission that (owing to gross miscalculation) the foundation can not continue

[7] The plan itself is simply described. It withdraws the age pension and substitutes a contributory (compulsory) system in which the professor and the institution each pay half the cost of such combined insurance and of annuity after age sixty-five as each professor cares to pay for between certain limits (one for insurance and another for annuity); also that the plan may include half the annuity for the widow. The foundation pays the cost of maintenance, guarantees the rate of interest and provides for disability, though the manner of such provision requires more definite statement. The insurance and annuity system are to be administered by a sub-agency of the foundation, in which the contributors will be represented. A portion of every annual salary is thus retained for a pension, and that from the time of the first academic appointment.

much longer the age-retirements as promised, even if it is prepared to exhaust principal as well as income, and must make no new promises; that eventually additions to its resources will be required to meet the obligations already assumed; that it appeals to the indulgence of its creditors, and asks for a charitable regard of its imprudence; that to save what is possible from the impending disaster requires the cooperation of institutions and professors, which is now invited; and, above all, that the plan plainly relinquishes very substantial benefits and substitutes limited though still desirable ones. It would be pertinent to add that the type of benefit proposed is one suitable to the cooperation of the foundation, but the management of which belongs to those affected. As a supplementary activity of the foundation it has much to commend it; but the presentation of the plan as though what it offers is a more comprehensive benefit and a support by the foundation of the associated institutions comparable to the age-retirement, is misleading. (That it should appeal to the non-associated institutions with no pension system of their own is intelligible.) To make a virtue of a necessity may be a wise consolation; to present the necessity of restriction as the virtue of expansion is as unwise as it is unwarranted; it is not even tempered by the admission of responsibility for the necessity.

To consider the "Comprehensive Plan" two

sets of data are needed, and neither is adequately supplied by Mr. Pritchett. The one is the extent of the existing obligations assumed by the foundation under the age-retirement; the other is the extent of the benefit offered by the proposed plan to professors. The answer to the first question requires an interpretation of the incurred obligation: whether it applies to all members of the faculties of the associated institutions, who in the future may qualify for age-retirement, or only to those who do so within a stated period. Mr. Pritchett's statement is this:

> The actuaries have suggested that men below the age of forty-five years could to their own advantage transfer from one system to the other. Whether twenty years is a reasonable notification of a change in the rule is a matter which will be considered in the most serious and conscientious manner by the trustees.

A few replies from leading universities[8] are available; they agree that the obligation exists toward all members of associated institutions irrespective of age. The phrase "to their own advantage" is either wholly misleading, or it im-

[8] The universities referred to are Cornell, Johns Hopkins, Princeton and Wisconsin; others may have replied or still propose to reply to the same purpose. The "Comprehensive Plan" was at first issued with the mark "Confidential," and the replies bore the same token. When the plan itself was made public, the replies were presumably released; both are intended to affect sentiment. Permission to cite the replies in the present survey was asked and granted.

plies that financial disaster is so certain that men under forty-five may already read on the doors of the foundation the warning: "All hope abandon, ye who enter here."

It is fortunate that the replies of two institutions afford the needed data. The Cornell reply is a model of precision and pertinence. It maintains that changes in the system should apply only to those who become instructors in associated universities after the change is decided upon, but makes its calculations on the basis of obligations to those over forty-five years of age. After taking into acount every factor that is capable of reasonable estimate, the conclusion is reached that (extending over the term of years of the lives of beneficiaries pensionable under the limitations stated) a sum of about $25,000,000 would be needed and used, principal and interest, in meeting these accrued liabilities.[9] This can be done with the help of the Carnegie Corporation; such a solution leaves slight margin for other service unless a financial reconstruction is arranged. The Cornell reply proposes:

> If relief from the burden of obligations already assumed can be secured, the foundation should (*a*) pay out of its income, under rules to be adopted, disability annuities to such teachers in associated institutions as

[9] The sum should be decreased by an (uncertain) allowance for the forfeiture of pension by emigration to a non-associated institution.

have purchased and are continuing annuity contracts with approved insurance companies maturing at sixty-five to sixty-eight years of age and of $1,000 to $4,000 in value, such disability annuities to cease when the disability is relieved and in any event when such purchased annuities respectively become payable; and (*b*) distribute annually to such teachers equally the balance of its income.

The several protests agree that a wholly compulsory system is neither proper nor feasible; the institutions or individuals must have a voice in this determination.

The Wisconsin reply with equal definiteness examines and reports upon the value to beneficiaries of the "comprehensive plan" and concludes that the saving to professors, as compared with prospects and opportunities offered by commercial companies, is at all events slight and may be problematical. The data are too complex for summary. The foundation is practically limiting its benefits to a provision for disability (the nature of which is not fully stated) and for which the Cornell proposal is a substitute. The benefits proposed—slight or problematical though they are—make participation by the institution and by the professor compulsory. For certain state institutions this will be legally impossible, for others practically so. Such compulsion sooner or later places the whole burden on the professor, since participation by the institution tends to react against advance in salary. The complications introduced by migra-

tions from institutions with pension systems to those without them, and vice versa, will be difficult to meet. The plan proposed not only introduces a different system, which is admitted, but justifies the abandonment of the original principle.

So long as the income is used [to encourage or compel others[10]] to pay pensions to teachers who have grown old and have passed the period of usefulness in service, or to provide pensions for teachers who after long service are absolutely broken in health, or for the widows of such men, the expenditure does good, not harm. To go beyond this is to tread on questionable ground (Pritchett).

[10] The added words are inserted to apply to the situation if or when the "Comprehensive Plan" is adopted. They are not needed at present.

The replies, in addition to giving opinions upon the plan proposed, urge important considerations which should be respected at this critical juncture. The points raised may be summarized: the plan as a whole is not feasible; the compulsory feature is especially objectionable; the effect will be to throw the whole support upon the professor; the obligation toward insurance and toward annuities is different; the disability provision is not clearly defined; commercial companies and individual initiative are competent to supply the benefit proposed; the foundation should not enter an uncertain field already well occupied, and abandon its distinctive function; the policy of influencing the many institutions through the few should be maintained; there should be a contract between the professor and the foundation; the institutions and the professor should participate in the management of the foundation; all existing liabilities should be met without discrimination; a partial retirement should be inaugurated as an optional procedure.

It is certainly most unfortunate that the financial situation should so dominate past and present issues as to confuse where it does not obscure the outlook; but that is no reason whatever for the abandonment of sound principles. The line between what is just and wise and what is unjust and unwise is to be drawn precisely along the boundary that divides those who shape policy to principle and those who shape principle to policy. Their mutual adjustment is the recurring problem of administration. Apart from the question of meeting obligations, the continuance of the foundation upon any useful career depends upon the measure of its return to the position which was and is its *raison d'être.* In the financial situation there seems no other resource than the Carnegie Corporation to which Mr. Carnegie has conveyed one-hundred-and-twenty-five million dollars for the purpose of using the income (at present about six million dollars annually) for the increase of the capitals of the five great benefactions which bear Mr. Carnegie's name. It is fortunate that the other participants in this corporation are not likely to require so large a measure of support as to prevent the use of the corporation to make the foundation solvent for a sufficiently long period to restore and shape its policy toward greatest benefit to the teaching profession. The full and frank admission of the situation is imperative. There must be no shuffling, though there may be

slight interest in fixing responsibility. To urge or imply, as Mr. Pritchett does, that absence of accurate data was in any real sense the cause of the discrepancy between fact and estimate is preposterous. It is true, very true, that more is known than was known ten years ago of the cost of pensions, and much of the increased knowledge is due to Mr. Pritchett. But the estimates went wrong not by rods, but by miles; how they were obtained or who made them is not disclosed.[11] The acceptance of responsibility would

[11] Professor Lovejoy points out that the estimate in the First Report of the Foundation contains "no reference to the all-important factor of age-distribution," and comments: "It would be hard to imagine an actuarial error more glaring or more easily avoidable." He adds: "This error, and the insufficiency of the foundation's endowment for its announced intentions, were clearly pointed out by Professor Cattell in *Science* four years ago," that is in 1909. Professor Cattell comments: "The lack of foresight and expert knowledge displayed by the president and trustees of the foundation is astounding." There is little evidence that these views, which have proved to be rather dismally prophetic, received proper attention or any at all. To have it implied that the trustees knew all along that their funds were inadequate and that they stated the fact, is misleading. To accuse men who accepted the pensions without the claim of poverty, of lack of consideration for their less fortunate colleagues is unfair and peculiarly invidious in view of the assurance of ample funds not only in the First Report but in the repetition of this assurance when the state universities were admitted and Mr. Carnegie added five million dollars to the endowment

be an aid in restoring confidence in future promises. It is clear that relief from financial distress would not of itself restore confidence any more than it would confer wisdom or integrity. The obstacles that stand in the way of the wisest administration are plainly moral ones. If the foundation can escape the desire to control, can avoid the temptation of justifying actions by specious reasons, can freely entertain any plan or suggestion conducive to its true function, can

for this purpose. In the letter of gift it is stated that "expert calculation shows that the revenue will be ample" "to provide retiring pensions for the teachers of universities, colleges and technical schools in our country, Canada and Newfoundland"; and in Mr. Pritchett's words: "It may therefore be safely assumed that while the income of the foundation is sufficient to carry out the original plan of the founder, it is not sufficient to extend the system of pensions, at least at first, beyond the scope which he indicated in his letter of gift." In 1908 Mr. Carnegie wrote to Mr. Pritchett: "I understand from you that if all the state universities should apply and be admitted five millions more of five per cent. bonds would be required." Under the rules then operative and in the light of the draughts upon the funds then secured, these statements are so wide of the mark that if increased five-fold they would still be questionable in a twenty-year prospect. The gross nature of the miscalculation as well as the responsibility for it should be clearly noted. Moreover the slur upon those who accepted pensions without the plea of distress, is another instance of reading implications into statements after the event. Poverty, like disability, is shuffled into the requisite justification for accepting an earned pension, as relief replaces reward in the conception.

give to the teaching profession the full participation in its measures that the trust implies; if, in brief, the attitude and perspective of obligation are firmly fixed, the outlook, however dismal at present, holds promise for the future. It is for this reason that emphasis must be placed upon principle and that the proof of violation of principle is demanded in convincing measure. No mature moral sense is interested in fault-finding beyond the demonstration of guilt. The constructive program of the foundation is the central interest of this review.

What should the foundation have done, and what can it do to carry out the high purpose and distinctive mission which it accepted under favorable auspices ten years ago? What are the conclusions to be drawn from its unfortunate history? At no point is the reviewer's responsibility more exacting than in the attempt to answer these final, practical and comprehensive questions. The considerations may be presented serially.

1. A prompt return and fixed adherence to first principles is imperative. Mr. Pritchett's original statement is pertinent and sound. "In the long run, men's personal preference for the work of the teacher . . . can not be depended upon to secure an adequate supply of the best men. This fact the older European countries long ago recognized, and in order to secure for the place of teacher the best men, they have

sought to dignify the profession of teacher by the highest social and official honors; and they have sought in addition to strengthen it by larger financial rewards.'' And inasmuch as ''the salaries of the teachers can not be made equal to those of outside professions this reward has come, in the main, by the establishment of a system of pensions. . . . In other words, the first and largest ground for the establishment of systems of retiring pensions for teachers has been found in a wish to strengthen the teaching profession.'' The direct bearing of this conclusion is that the retiring allowance shall influence the professor *in his career.* The foundation has insisted upon complete retirement; this is a serious mistake. As Professor Cattell has suggested, the foundation takes away half a man's salary and all his occupation; it should give him all his salary and relieve him of half (the burdensome portion) of his duties. Naturally the allowance would continue (in some form) for life, in view of the fact that it comes as a right, earned in the process of earning the salary; for the salary itself is but a means of support to make possible the devotion to the intellectual life. Neither salaries nor pensions should be considered in commercial or irrelevant terms. The question of the best provision with the available resources to secure the ripest fruits of individual attainment between the ages of fifty and sixty-five or seventy is too complex to be included in

this discussion. The vital point is to recognize that here above all lies the great opportunity of the foundation to support and cooperate with the universities in remedying the most glaring and wasteful defect in the academic economy. There has been too much endowment for buildings and institutions and too little endowment for men. The professor is inevitably institutionalized; yet institutions are but opportunities for the right men. To strengthen the teaching professions means to influence directly the professorial career. The provision must be conceived in a far larger and more sympathetic spirit than appears in the service-retirement rule, which was acceptable only as an indication of the recognition of a need. It must be administered in a spirit the very opposite of that which has obtained. To abandon the essential conception because the mode of expressing it was inadequate is like poisoning a patient because the first treatment proved unsuited to the case. A further important provision must be reinstated from the original rules; that of leaving the initiative and the choice of time and manner of retirement with the individual.[12]

[12] Since the time and manner of retirement is the point of emphasis, the First Report may again be cited: "The question as to the age at which a professor shall retire is a matter entirely between him and the institution with which he is connected." It was this provision of the twenty-five year service retirement that proved its pertinence; for it allowed one to retire at a period de-

Many men would prefer to teach in full service until they are ready to retire completely; others

termined by the complex circumstances of the case. At the same time the absolute prohibition of teaching limited the manner of retirement, while a part-time arrangement would have given the desired elasticity. It thus becomes clear that when the service retirement was withdrawn a double injury was done, since now the foundation *insisted* that the professor must teach until the age of sixty-five. As the result of persistent appeal two small concessions have been grudgingly allowed. The first permitted universities to retire men and carry the allowance a few years in advance of the retiring age; the later permitted a part-time arrangement without diminution of pension at age of sixty-five. All these arrangements are affected by the same drawback: that so few men can afford to take advantage of them. It is only the more fortunate who can live adequately upon a diminished income. The one central need is not met. Professor Hobbs has called attention to the importance of early and partial retirement as a means of freshening the profession; he rightly asserts that a man's optimum teaching period is limited, while the type of intellectual service that he can best perform is unprovided for. All arguments point to the importance of influencing the careers of professors and not merely to the relief of old age. It is also worth noting that the qualification for retirement has not been changed. Twenty-five years of service entitles one to a pension, which one does not receive until the age of sixty-five; the widow receives it in case of the professor's death. Whether a professor could claim a pension if he changed his profession after twenty-five years of teaching is a matter that only the courts can decide. Rules can not be changed retroactively to the disadvantage of beneficiaries. It is in many ways regrettable that the legality of certain of the foundation's changes has not been tested in court.

would not. The system should be elastic, and no undue pressure exerted either by an outside agency or the university. The university retains an interest and a right to maintain its instruction at the proper standard; but retirement should not be an administrative decision, determined by administrative interests. Until the funds of the foundation are used in furtherance of the direct strengthening of the teaching profession by providing for at least the ripest period of scholarship something approaching the conditions under which many European professors spend the greater portion of their lives, its most significant and important function will not be exercised.

2. Hardly second in importance is a conclusion of quite different bearing. The history of the decade emphasizes what the academic world is learning slowly in many directions: the dangers of the administrative attitude and control. If there is one institution above all in which academic considerations should be decisive, the foundation is that one. The funds belong to the teaching profession and should be administered by the profession for the profession. An external board of trustees is an anomaly. The contention that a board composed largely of college presidents is not external in the sense in which a lay board would be, is just. There should be college presidents upon the board to represent the administrative interests; just as

there should be financiers to represent the financial interests. All the members of the board should hold office as the choice of the professors and institutions concerned. It is a great satisfaction to note that such a plan of government was precisely what Mr. Carnegie provided. The deed of gift provides that each participating institution shall have a vote in the election of trustees;[13] this vital provision was set aside with no

[13] There is a strange incident in the history of the foundation that may pertinently be recalled. Early in its career, yet with the financial uncertainty already present to a proper foresight, the maximum allowance was increased from $3,000 to $4,000. This increase could affect only salaries of $5,300 to $7,200 on the age basis, and of $6,800 to $9,200 on the service basis then in operation. Such salaries are presidential rather than professorial; it would be interesting to know what proportion of the men affected by the change participated in the extension of liberality. The incident is thus commented upon by Professor Cattell: "It is certainly odd that a board of trustees consisting of university and college presidents should increase the maximum pension from $3,000 to $4,000, which can practically only be of advantage to the comparatively high-salaried president, and should retain the privilege of retiring after twenty-five years, when this is denied to the professors through the financial inability of the foundation. But perhaps they assume that higher education can be best advanced by retiring the president whenever possible." The financial inability is not mentioned by Mr. Pritchett, but is admitted by President Jordan, who also prints the actual resolution which was adopted, while the Report prints the resolution in a form containing several serious disagreements. In abolishing the service-pension the

more explanation than these words: "In view of the desirability of a permanent, self-perpetuating governing board, the provisions of this paragraph" (which provided that "each institution participating in the fund shall cast one vote for trustees," the trustees to serve for five years and be eligible for reelection) "were, upon the advice and with the consent of Mr. Carnegie, omitted from the act of incorporation which forms the present charter of the foundation"—and by this step autocratic misrule was made possible. It is in many ways humiliating that a body of men worthy of the esteem of the foundation to the extent of receiving its benefits, should be unrepresented upon the governing

executive committee was instructed to "safeguard the interests" of competent professors engaged in research, of those whose service included service as a college president; and of those expecting benefits in 1910. The resolution in the report makes of the first a "rare" professor, repeats the second with the assumption that presidents are also distinguished, and omits the third. A few years later this unfortunate discrimination between presidents and professors was withdrawn, but not before it became known (the knowledge pointing to a breach of confidence) that a pension applied for on this ground had been refused to a former college president then entering upon a campaign for high political office. In 1916 Mr. Pritchett is prepared to admit that "it seems doubtful whether the change was desirable." The question recurs: Would errors of judgment of this nature, which so soon require correction, have occurred if professors had been as well represented upon the board as were presidents?

board. Mr. Pritchett's attention has been called to this grave defect, but without avail. If every vacancy that has arisen in the board had been filled by electing a professor, there would at least have been evidence of a democratic intention and an opportunity for the presentation of the professorial point of view. Nothing less than a majority of professors upon the board and a control by the professors of election to the board will be a permanently satisfactory arrangement. It may be assumed that if the original provision had been retained, or if professors had been represented upon the board, the serious errors of the foundation and the violation of pledges would not have occurred.

It is not implied that professors—even the select ones who would be honored by their colleagues for such office—would be possessed of greater foresight or a more rigid conception of moral obligation, than is true of a group of college presidents. It is implied that the perspective of interest and obligation of the two is measurably different. Under ideal conditions this would not be the case; under actual conditions it is the case. And yet it is not easily intelligible how a group of men whose positions form a richly adequate warrant for their ability and responsibility have come to acquiesce in a series of decisions and statements that have estranged the teaching profession from an institution designed particularly for its benefit. The dif-

ficulty must lie in the manner of direction which "offers too large a temptation to certain qualities of universal human nature," which may be further specified, while yet denying that they are universal. College presidents are exposed to the emphasis of administrative decisions, which under pressure, great or slight, tend to become autocratic; they are under temptation to substitute expediency for principle; they too commonly drift away from the academic point of view; in the present relation they are prone to consider benefit to the institution (in relief of financial strain) rather than provisions for men; appreciating in their official relations the value of acquiescence and the importance of leaving the direction of affairs to those in official positions, they may lose the critical sense in applying this policy to the president of an institution which they direct and who also shares the traditions of the presidential office. If such considerations in part remove the burden of responsibility from individuals, they place it the more directly upon the system that invites such acquiescence. The personnel of the board contains men who may confidently be counted upon to protect academic interests and who might readily owe their places to a professorial election. What manner of protest or objection they raised, we do not know; the majority action stands. One may be assured that under different leadership they would have served the

cause of education as faithfully in this as in other relations.

If the restoration of the original purpose of the foundation can be brought about (and in a manner suitable to actual conditions as revealed in the last ten years), and if professors can be given a directive voice in all future decisions, there is reason for hope that the mistakes of the past may be atoned and the activities of the foundation shaped to a permanently useful function. These two desiderata stand conspicuously in the foreground of the present perspective. Other provisions helpful to such a consummation should not be overlooked.[14]

3. The question of financial resources and of the relations of funds to a system of benefits

[14] It is no more pertinent in one connection than in another to emphasize that fixity of policy is itself of permanent value. The foundation should determine its policies and adhere to them. The uncertainty incident to frequent change undermines confidence. Changes of the order involved are not due to the lessons of experience (however plausible it may be to refer them to such source); they indicate an original lack of judgment and foresight or a too ready yielding to expediency, and in either case a lax hold upon the loyalty to principles. At all events the changes of heart would be more convincing if the reasons assigned for the changes and the changes themselves were more consistent. Some assurance of a relatively permanent policy is to be expected at the present crisis. The First Report is, as usual, clear and correct: retiring allowances were to be voted "in accordance with a fixed set of rules and upon a fixed plan."

must be considered together. The policies that hastened the period of financial embarrassment were, first of all, the admission of too many institutions; secondly, the liberal extension of pensions to individuals in non-accredited institutions. The motives leading to the latter step were wholly commendable from the point of view of relief, and doubtless a wise discrimination was exercised in a difficult apportionment. Such grants would bring home to a considerable number of institutions the importance of providing retiring allowances. It is merely unfortunate that the purpose could not be thus extended; between definite expectations and these specially voted benefits there can be no question of precedence. The grants to individuals outside of accredited institutions have been withdrawn, and were withdrawn frankly for financial reasons.

The remedy for the error of admitting institutions too freely can not be simple. The liabilities obtain equally among the seventy-three institutions, and there are a number of others that have qualified or are about to do so, whose claims can not be denied without questionable distinctions. The original estimate of a group of one hundred to one hundred and twenty institutions was far too large; forty institutions (including the leading state universities) would still present serious but perhaps not insoluble financial difficulties, and would be a large

enough number to establish the practise of retiring allowances and to influence opinion. It is doubtful whether the foundation can undertake more than this under any program within its scope; though it might aid in the establishment of a system such as the "Comprehensive Plan," for institutions not on its associated list. Clearly the actual program which it announced was impossible with the funds available.

That its impossibility was not foreseen at the outset by the officials of the foundation is amazing (Lovejoy).

The foundation definitely adopted the policy of influencing the many through the few. This is well stated in the first report in which the force of example is emphasized; it is restated in later reports. In 1912 Mr. Pritchett said:

I think, however, that it is clearly admitted by all teachers that a few hundred adequate pensions at the service of teachers is far better than some thousands of very small pensions. . . . The trustees have felt sure that it was better to establish a fair retiring allowance system in a limited number of colleges than a very poor system in a large number.

In 1916 one of the chief "weaknesses" of the system is that it is limited; and the assurance has become a question "whether the foundation shall cooperate in a system of pensions available to the great body of teachers or whether it shall, on the other hand, pay the entire cost of retiring pensions for a comparatively small group of teachers"; it is urged as a reason why

the foundation can not ask of the corporation adequate aid that the system is available "to a very limited number of institutions." Had Mr. Pritchett submitted the question he would have found little support for his change of view. The Wisconsin reply emphasizes the fact that the indirect benefit is greater than the direct, that the support of strong institutions is the correct mode of influence, while Mr. Pritchett's reports of pension provisions stimulated by the foundation is certainly gratifying.

The question of limitation is fundamental and is the critical issue which fixes the financial program; it also determines the equally fundamental question of cooperation. All this was decided in 1906. The embarrassment results from an attempt to reverse the policy, which confuses the essential relations. Cooperative plans were doubtless considered when the original system was adopted; if so, they were rejected. If they were rejected for the right reasons, these reasons still hold. If they were rejected for wrong reasons, the mistake should be admitted and the desirable type of cooperation established. One can not but suspect that the desire for control played a part in the decision; for taxation means representation, and the representative principle was extracted from the government at the outset. The central agency that establishes the system must either assume the cost, or at the *time of establishment* (which

means for each institution the time of its admission) provide for such cooperation as may be demanded and accepted; for this is part of the contractual nature of the relation. Though it is without warrant to impose cooperation such as the "Comprehensive Plan" proposes, the universities in their effort to reinstate the foundation will unquestionably be as liberal as possible in facilitating the consummation in which they have a common interest. Institutions and professors must demand a voice in the conduct of affairs, and not be misled by any partial control. It is out of the question that the institution should pay half the cost and the professor the other half (in the end the professor will pay the whole), while the foundation assumes the incidental fees and some form of disability benefit. Mr. Pritchett's sustained admiration of the "comprehensive plan" which so miraculously multiplies the loaves and fishes is hardly justified. If one could induce two benevolent agencies jointly to pay one's bills, living on one's salary would be a simple accomplishment. The rôle of residual benefactor is an agreeable one, especially if it retains the direction of the benefaction and the sense of providing the benefits paid for by others. The consolation that the transfer of obligation rests upon "a true social philosophy" should not be harshly disturbed.

It is hardly to be expected that the trustees will determine all the pending issues at the meet-

ing in November; it is least of all to be expected that they will adopt the "Comprehensive Plan." They may be expected to reach decisions affecting all future actions and policies. Not alone must the foundation be reconstructed financially, but it must regain the confidence of the professors for whose benefit it exists. Professor Lovejoy wrote in 1910:

> There seems grave reason to conclude that it is time for the rank and file of the teaching body to demand that the management of the Carnegie Foundation shall be altered in whatever manner is necessary in order to protect them against the sort of deception and the sort of indignity to which they have been subjected in the recent administration of this potentially beneficent institution.

This is strong language, but has amply received since 1910 what measure of justification it may then have lacked. It is too much to expect that the desirable relations of the foundation to its beneficiaries can be restored until a distinct indication of a change of heart and mind appears. Upon the successor of Mr. Pritchett will devolve the difficult task of reconstruction. His first requirement is the possession of the confidence of the teaching profession. The trustees should realize—each for himself and collectively—that at present no such confidence exists, and that in its place there exists a serious distrust that finds its justification in past deeds and words. The clearest manifestation that the

trustees could give of their desire to serve the trust which is committed to them is to provide for an immediate participation (in the November discussions) of duly accredited representatives of the teaching profession; the natural medium for this is the American Association of University Professors. They should provide for a permanent representation of professors on the board. Trustees with no very distinctive interests to represent and who have enjoyed the office for ten years can in no better way show their appreciation of the situation and their loyalty to the teaching profession than by resigning their offices (now held for a double term according to the first plan) to such professors as may be nominated by representatives of the teaching profession and elected by the trustees. Such a proposal is neither impractical nor presumptuous; it is merely a return to the original plan and the original principle.

Crises, as current comment indicates, bring forth the heroic qualities and the spirit of sacrifice. May they do so upon this occasion.[15]

[15] While the reviewer aims to present opinion as objectively as the outlook which he commands makes possible, the individual angle as well as the personal organ of vision determines the perspective. He may be permitted to refer to the evidence of his good will toward the foundation and its officials as well as its projects. When the foundation was inaugurated, and at the distinctive stages of its career, he wrote editorially and over his signature in high commendation of its projects and

with a sincere faith in its mission. In connection with a plea for the admission of the state universities he reviewed the general purpose of the foundation (*North American Review*), and indicated the significance of what it had done and proposed. The task now imposed upon him is not sought, nor is it agreeable. One of the chief reasons why he felt it incumbent to accept the obligation is that he could refer to his past expressions as evidence of an original good will and high opinion of the foundation and its direction. The responsiblity he has tried to share by citation of others' views; he accepts the full responsibility for the opinions and conclusions expressed.

Since this review was written, the ''comprehensive plan'' has been attacked upon its actuarial side, and that in several aspects. To one of these criticisms the secretary of the Carnegie Foundation has replied in a manner which implies that the arrangements for adopting the plan are going forward. Such a procedure would be as unfortunate as it would be unjust. The importance of arousing the professorial sentiment and the public interest in the impending issue is thus emphasized.

REPORT OF THE COMMITTEE OF THE AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS ON PENSIONS AND INSURANCE[1]

In March, 1916, President Pritchett of the Carnegie Foundation for the Advancement of Teaching submitted to the teachers and the presidents of educational institutions associated with the foundation a report entitled "Comprehensive Plan of Insurance and Annuities for College Teachers." Teachers in associated institutions were invited to submit suggestions and criticisms with respect to the proposed plan, and the report itself asked the cooperation of every teacher and president in the associated institutions in determining the question "whether the fundamental principles set forth in the report are those upon which sound pension administration and legislation must rest." This invitation, as well as the fact that the report proposes radical changes in the relationship existing between the foundation on the one hand and the associated institutions on the other, vitally affecting all university teachers in the United States, led to the appointment of this committee on pensions and insurance to investigate and report upon the proposals contained in President Pritchett's report.

[1] Printed in *School and Society*, December 2, 1916.

Without attempting to state in detail the comprehensive plan of insurance and annuities for college teachers, it may be said briefly that in substance the plan proposes:

(*a*) The abandonment of the plan adopted by the foundation ten years ago of providing for teachers in accepted institutions a retiring allowance to be paid during life, following the age of retirement, which is now fixed by the rules of the foundation at a minimum of 65 years. The suggestion is made that since the adoption of the existing plan has created to some extent the just expectation of a retiring allowance on the part of teachers in accepted institutions, this expectation will be fully met in the case of all teachers in accepted institutions who are over 45 years of age, but that teachers under that age may profitably transfer to the proposed plan of insurance and annuities; and there is an intimation that this transfer may be made by action of the foundation, without the prior assent of the individuals affected.

(*b*) The substitution for the existing plan of the proposed comprehensive plan for insurance of college teachers, which in substance is a plan for insurance for college teachers until age 65, combined with the payment of annuities to teachers after age 65, or to their widows in the event of their death after reaching that age.

(*c*) The establishment of a plan for the payment of disability allowances, defined as follows:

In case of a teacher holding a contract for insurance and annuity, whose health completely fails after a service of 15 years as professor, or 20 years as professor and instructor, the foundation would at its own cost continue to pay during the period of his disability the premiums on his life insurance policy and also a minimum pension of $1,200 a year.

It is proposed that the cost of insurance and annuities be borne one half by the teachers themselves and one half by the educational institutions to which the teacher is attached, and that the benefits of the plan be extended generally to teachers in institutions of higher learning in the United States and Canada.

The contribution of the Carnegie Foundation to the proposed plan is the cost of administration of the plan, provided the surplus from insurance and annuity funds is proved insufficient for that purpose, and the guarantee of an interest return upon all invested insurance and annuity reserve funds of 4½ per cent. per annum; and it is suggested that the foundation may bear the cost of the disability allowance as above suggested.

I

It will be observed that the essential element in the proposed change of plan is the transfer of the financial burden of making provision for members of the teaching profession, whether by pension or otherwise, from the foundation to the teachers themselves and to the institutions with

which they are associated, and that so far as the foundation itself makes any contribution to the proposed comprehensive plan, that contribution is to be spread out over so large an area as to make the benefits which it offers to any individual so slight as to be almost negligible.

President Pritchett's report makes it plain that the Carnegie Foundation has not sufficient financial resources to enable it to carry indefinitely the burden of the system which it has established. Under ordinary conditions, this might be deemed a sufficient reason for abandoning the existing plan and make it unnecessary to discuss the other reasons suggested in the report for proposing such action. It appears from the report, however, that the *Carnegie Corporation*, an institution quite distinct from the Carnegie Foundation, has abundant funds which may be used for maintaining the existing system, although it is not bound to make such use of them. Since, therefore, abandonment of the plan may not be a financial necessity, and as the other reasons urged for its abandonment raise questions which are fundamental in the consideration of any plan for the financial benefit of the teaching profession other than by direct payment of salary, it is desirable that we should comment upon them very briefly.

On page 54 of President Pritchett's report he states in summary form his reason for believing that the existing pension system should be abandoned, as follows:

The fundamental defect in the existing pension system lies in the assumption that free pensions for college teachers would be permanently justified. In the light of ten years of experience and in the light of the experience of European pension systems, this assumption seems to rest upon a defective social philosophy. No permanent advantage will accrue to any calling or any profession by lifting from the shoulders of its members a load which under moral and economic laws they ought to bear.

It is to be noted that in reaching this conclusion emphasis is placed on the argument that it is the "*free*" pension which is based on a defective social philosophy, for elsewhere in his report (page 12) President Pritchett reaches the conclusion that a pension system for the benefit of teachers is "demanded from the standpoint of a just and humane social philosophy." He enumerates the reasons which may be urged for the establishment of a pension system for teachers as follows (pages 12, 13, 14):

1. The altruistic character of the teachers' profession.

2. The poverty of the teaching profession.

3. That a pension system is the only humane and feasible method by which aged and worn-out teachers may be removed from the service.

4. The fact that college and university teachers as a class are separated from the usual commercial avenues of investment.

5. That college teachers constitute a group of employees in the economic sense, and that it

is practicable to unite them for common protection.

6. That the maintenance of a pension system for college teachers has some effect in bringing able men into that calling.

While President Pritchett repudiates the first two of these reasons as offering any basis for a pension system, he accepts the others as justifying and requiring "the establishment and maintenance of a pension system for college teachers" (page 15).

While some of these reasons have at various times been advanced as a justification for the establishment of a pension system for college teachers, it may fairly be said that they do not singly or collectively state the reasons which were given, either by Mr. Carnegie or President Pritchett, upon the establishment of the Carnegie Foundation system of pensions ten years ago. The reason then urged for the establishment of the pension system was that by its establishment the cause of education would be aided by adding in substance to the remuneration of teachers in the form of a retiring allowance. And this allowance was established on the theory that, since it was in effect one form of remuneration, it was giving to the teacher something that he was entitled to receive, thus adding to the dignity and security of the teaching profession and contributing to the cause of education.

Mr. Carnegie in his letter of April 16, 1905, in which he announced to the first board of trustees of the foundation the purpose of his generous gift, opens with the sentence:

> I have reached the conclusion that the least rewarded of all the professions is that of the teacher in our higher educational institutions.

President Pritchett in his First Report said (page 1):

> It had for a long time prior to the establishment of this foundation been evident that the time was approaching when, for the sake of education no less than of the teacher, the remuneration of the teacher's calling must be increased.

and on page 2,

> This gift to higher education was received with general approval. It was universally admitted that no wiser attempt could have been made to aid education than one that sought to deal in a wise and generous way with the question of the teacher's financial betterment.

And on page 31—referring to European experience it is said—

> And inasmuch as the salaries of the teachers can not be made equal to those of outside professions, this reward has come, in the main, by the establishment of a system of pensions to be paid to the professors themselves, to their widows and their orphans. In other words, the first and the largest ground for the establishment of systems of retiring pensions for teachers has been found in the wish to strengthen the profession of the teacher.

On page 37, it is said:

> It is true that the real teacher finds in the joy of teaching his chief reward. The same thing is true of the highest class of men in any profession; but it is also true that as the rewards and the honors of a profession increase, it will become more attractive to men of ability, strength and initiative. In other words, the chief value of the establishment of a system of retiring allowances to the teacher in the higher institutions consists in the lifting of this uncertainty regarding old age or disability, in the consequent lightening of the load of anxiety, and in the increasing attractiveness of the professor's life to an ambitious and enlightened man. All this tends to social dignity and stability.

And in answer to the question "How this fund may be so used as . . . to strengthen the general interests of education?" President Pritchett says (page 37):

> With regard to the second question, it is evident to the trustees that, to better the profession of the teacher and to attract into it increasing numbers of strong men, it is necessary that the retiring allowance should come as a matter of right, not as a charity. . . . It is essential in the opinion of the trustees that the fund shall be so administered as to appeal to the professors in American and Canadian colleges from the standpoint of a right, not from that of charity, to the end that the teacher shall receive his retiring allowance on exactly the same basis as that upon which he receives his active salary, as a part of his academic compensation.
>
> It is upon these two fundamental principles that the trustees and the executive committee have sought to build; and their whole effort has had for its aim the establishment in America, using that term in its widest

sense, of the principle of the retiring allowance in institutions of higher learning, upon such a basis that it may come to the professor as a right, not a charity.

In the Second Annual Report of the Foundation, in a chapter entitled "The Carnegie Foundation, Not a Charity but an Educational Agency," it is stated (page 64): "that the retiring allowance must come as a right not as a charity; a thing earned in the regular course of service, not a charity."

It would be easy to multiply quotations from the annual reports of the Carnegie Foundation to show that the original conception of the pension plan adopted by the foundation took very little account of the reasons which President Pritchett's report now states justify and require the establishment of a pension system—see "Comprehensive Plan of Insurance and Annuities" (page 15). Its principal aim, clearly and repeatedly enunciated, was to promote the cause of education by increasing the security, the dignity and the economic attractiveness of the scholar's calling, through the addition of certain forms of deferred salary to the teacher's eventual compensation. And this, so far as known to the teaching profession, has continued to be its aim until the publication of the "Comprehensive Plan for Insurance and Annuities for College Teachers."

The plan for retiring allowances thus conceived was put into operation. The teachers in

accepted institutions and the educational world in general have accepted it in the spirit in which it was created. The Carnegie pension has not been regarded as a charity, the recipient of it has had no thought that he was receiving something for which he had given nothing. He has felt no embarrassment in receiving it, even though he might possess independent means.

It has remained for President Pritchett in 1916 to inform the recipients of the Carnegie pension that the pension is a "very gracious and noble charity" (page 54) and on page 56 of his report he states that the payment of a pension under such circumstances is an "embarrassing use of trust funds." This can be the case only when the original purposes of the pension system established by the foundation are completely lost sight of.

If the Carnegie pension is a form of compensation, as it was intended to be at the time of its establishment, and as we believe President Pritchett establishes that it is or tends to become in his discussion of the topic "Are pensions wages?" (page 34 of the report), then the only substantial social or economic question requiring to be answered in determining the desirability of the existing pension system is whether the American college teacher in receiving a Carnegie pension is receiving excessive compensation.

This was emphatically answered in the negative by the founder and by all those who were

associated in the work of establishing the existing system, and we do not believe that the question is one which now merits serious debate or would receive any different answer if its consideration were dissociated from the immediate financial problem of the foundation.

The fact that this compensation in the form of a pension is not received directly from the educational institution to which the teacher is attached does not appear to us to alter the case. The compensation of the teacher, whether paid by his college or university or by the Carnegie Foundation, has its ultimate source in benevolence, at least in the case of all institutions which do not receive state aid. A pension contributed to by the university whose only source of funds is private benevolence is a "*free*" pension to the same—but no greater—extent as if the contribution were made by the Carnegie Foundation or any other benevolent institution. The proposed change of plan, therefore, in so far as it shifts the burden of providing a pension allowance, or annuity to the colleges or universities, does not appear to us to be based upon an essentially different social philosophy from that on which the existing system of Carnegie pensions is now based, and, in so far as it transfers the burden to the individual instructors, it appears to us to be in effect a reduction of the compensation to which they have heretofore justly regarded themselves as entitled, in the form of a pension "as a right, not a charity."

We believe that the original conception of the pension system adopted by the Carnegie Foundation, as an aid to education through the increase of compensation to the teacher, was based upon sound social and economic principles. It would not have been essentially different in principle had the Carnegie Foundation made additions to the permanent endowment of the several accepted institutions for the purpose of increasing salaries, except that by effecting the increase through the medium of the pension it relieved its beneficiaries from the burden of investing the salary increase, a burden which as a class they are relatively unfitted to bear. Nor do we find in President Pritchett's report any convincing evidence that the existing pension system is based on a defective social philosophy, or that if continued it will not realize its purpose, or that it ought to be abandoned for any reason except inability to provide adequate funds for its maintenance.

If financial exigencies necessitate a modification of the existing plan so as to require cooperation and voluntary contribution to it by teachers, in order to ensure the continuance of its benefits, then we are of the opinion that the contribution by the foundation should be so substantial that such benefits would not lose their present character as a means for improving the status of the profession by sensibly increasing the rewards that it offers; and that, so far as possible, the

original aim and purpose of the foundation should be adhered to.

II

A suggestion made in President Pritchett's report which immediately concerns all of the teachers in accepted institutions is the proposal that teachers under 45 years of age should not be included in the benefits of the existing pension system. That the trustees of the foundation clearly recognize that the foundation is under moral obligation to the teachers in accepted institutions appears from their resolution of November 17, 1915, "That whatever plan is finally adopted will be devised with scrupulous regard to the privileges and expectations which have been created under existing rules" (page VIII). It becomes important at the outset, therefore, to inquire whether the proposed curtailing of those privileges and expectations is necessitated by financial inability to meet them, and if not, whether there is any moral justification for the discrimination against teachers in accepted institutions under 45 years of age. We were encouraged to believe that such necessity did not exist by the statement (page 81):

> Mr. Carnegie has placed behind the institution he has founded [The Carnegie Foundation] a great corporation [The Carnegie Corporation] with an income far beyond the load which would be imposed by the present pension system.

In order, however, that a clear understanding might be reached on this point this committee, through its chairman, made inquiry of President Pritchett whether such necessity did in fact exist. To this inquiry President Pritchett has replied, suggesting a gradual increase in the age of retirement from 65 to 68, and saying:

> With this change in the rules the trustees may then fairly ask the Carnegie Corporation for its support in inaugurating the new system, and in maintaining the old one for all teachers now in the associated colleges, leaving to every teacher the option as to whether he would remain in the old system or enter the new.

(Copies of the correspondence with President Pritchett are printed in an appendix.) While this does not answer definitely the inquiry whether there is financial necessity for excluding any teacher in an accepted institution, whatever his period of service, from the benefits of the existing system, we interpret President Pritchett's answer as an assurance that there are sufficient funds available, through the aid which the Carnegie Corporation may extend to the Carnegie Foundation, to meet the expectations of all teachers in accepted institutions, regardless of age, if such expectations are deemed to rest on a moral obligation of the Carnegie Foundation. If it should be found that the financial resources of the foundation and the funds which may be availed of by it are insufficient for this purpose, then, of the various suggestions which

have been made for reducing the benefits of the existing system, we regard a gradual change in the minimum age of retirement as perhaps least objectionable.[2]

That, however, such moral obligation exists is not, in our opinion, open to serious debate. It is the common observation of every man of experience in the teaching profession that the expectation of a retiring allowance is an important factor with many a teacher, not only in the choice of the profession, but, in many instances, in his choice of the institution in which he will practise that profession.

There are few men in administrative positions in our colleges and universities who can not recall cases of young men who have given up more lucrative professions to adopt the calling of the teacher, and have been influenced in doing so, in part at least, by the expectation that they would be entitled to the retiring allowance.

In the first annual report of the foundation it was stated (page 37) that one of the principal ends to be realized by the pension system was the attraction of strong men into the teaching profession. In the report for 1912 (page 86) it was stated that the pension system "will have

[2] This statement does not imply an approval of such a step, by the members of this committee, or the endorsement of any policy looking to an advance in the minimum age of retirement. Such proposal is not made in the comprehensive plan and is open to serious objections.

its influence in inducing men to remain permanently in the teaching profession,'' and in the present report, President Pritchett comments on the fact (page 34 and page 54) that the prospect of a pension is held out as an inducement to teachers to accept positions in associated institutions, and properly so, we may add, since, as we have already pointed out, the original conception of the pension system was that it was a form of additional compensation to the teacher.

Moreover, it is undoubtedly a fact that many teachers under 45 years of age have already made provision for life insurance of such character that it would be impossible for them to transfer to any other system without financial loss; while others, in expectation of the promised pensions, have failed to make provision for their old age, and can now make such provision, if at all, only by serious financial sacrifice. As President Pritchett points out in his report, ''The man of 30 who looks forward over an interval of 35 years'' to the acceptance of a pension ''will pay for it in one way or another before he receives it.'' If pensions are wages, or if an instructor ''at $1,500 a year who is offered $1,800 to go to another college is induced to remain where he is under the expectation of a pension 30 years later, not realizing that the difference in salary will pay for the pension several times over,'' then teachers in accepted institutions have been paying for their prospective pensions,

of which it is now proposed they shall be deprived.

But the question of moral right is not one affecting individuals alone; it affects the accepted institutions. All of them have consciously shaped their policy in relation to employment, compensation and retirement of teachers with definite reference to the pension system of the Carnegie Foundation. A number of them have abandoned or modified established pension systems of their own, as in the case of Columbia, Harvard and Yale, in reliance upon the pension system of the Carnegie Foundation which they have substituted for them. Others, in response to a definite offer of the foundation to place them on its accepted list if they would comply with certain stipulated conditions, have made changes in their constitutions and in their denominational relations. Yet others, in return for the extension of the benefits of the pension system to them, undertook to provide retiring allowances for their teachers not eligible to the benefits of the Carnegie Foundation, and are now under moral, if not legal, obligations to make provision for the continuance of those benefits.

Thus it seems clear that the Carnegie Foundation is under moral obligations, not only to individuals, but to the institutions themselves, not to deprive teachers in the accepted institutions of their present expectancy of a pension. There is no middle ground for the compromise of moral

obligations. We are therefore of the opinion that the Carnegie Foundation should not assume any new function until its present obligations both moral and legal are examined with precision, and provision made explicitly for meeting those obligations, and we believe that the foundation is under the strongest moral obligation to include within the benefits of its existing pension system all teachers in accepted institutions, regardless of their age, to whom its present regulations were applicable in the academic year 1915–16.

III

With reference to the proposed "Comprehensive Plan of Insurance and Annuities" we would say at the outset that we consider that the existing pension system of the Carnegie Foundation might properly be supplemented by some system of mutual insurance, with special provision for disability and for teachers who are not of sound qualifications—that is of sub-standard physical qualifications—and for widow's allowances, the benefit of which system might well be extended to instructors in institutions not on the accepted list of the foundation. Such a system should be mutual in character, so conducted that the beneficiaries of the plan would control its management and be entitled to participate in any surplus accumulation of insurance funds, and it should offer to all participants a definite

contract. The existing pension system does not offer adequate protection against the risk of disability and it offers no protection for the risk of death before the completion of 25 years of service.

We believe that the foundation could render a highly useful service to college and university teachers by the use of its organization in the collection of data and in assisting, in conjunction with representatives of the teaching profession, in the organization of such a plan of insurance, the cost of which should be defrayed from premiums paid by the insured. The members of the teaching profession undoubtedly constitute a group having common aims and experience such as make entirely feasible and desirable the establishment of such a plan of insurance. But we find ourselves unable at this time to approve of the proposed comprehensive plan of insurance and annuities, both because it is proposed as a substitute for a plan which we believe should not be abandoned in principle—because it does not itself contribute to the advancement of teaching—and also because we are not satisfied that the proposed plan is not open to serious objections, which should be subjected to systematic study and to the scrutiny of experts before it is finally adopted.

The past experience of the foundation and its present financial embarrassment should serve as a warning of the perils involved in the laying out and putting into operation of an insurance

plan for the payment of pensions and annuities extending over an indefinite period into the future and lacking in its statement many of the details on which must necessarily depend its success or failure. The members of this committee have acquired from their recent experience a lively sense of the concern, not to say mental distress and financial loss, which may result from the failure or abandonment of such a plan after the great body of teachers have come to rely upon its protection.

We believe, therefore, that before the adoption of the proposed plan, or any plan which undertakes the establishment of a scheme of life and disability insurance and the payment of annuities to college teachers, additional data and detailed information should be available for study and criticism. No doubt such data have been gathered and considered by the foundation, but before an invitation is accepted to participate in a plan involving the ultimate investment of a large sum of money by members of the teaching profession, and affecting vitally the future of college and university teachers throughout the country, we believe that a specific statement should be prepared and submitted by the foundation showing its liabilities, accrued and prospective, under the existing plan, whether moral or legal. It will then be possible to ascertain definitely what financial resources are available, and therefore whether they are sufficient to en-

sure the success of the proposed plan of insurance and annuities or of any other plan which may be adopted involving participation by the Carnegie Foundation.

There should also be prepared and submitted a statement showing the prospective progress and details of operation of the proposed plan for insurance and annuities, as estimated in advance during a term of years, presumably at least for two generations. For this purpose the foundation should prepare and present a schedule showing the estimated operations of the insurance company and the savings or annuity fund. It should show the number of lives, classified as to age, that are expected to participate in the plan at the present time, with the estimated increase in membership from year to year. It should show the income in the way of premiums, the expected or estimated contributions of various institutions and colleges, the interest income, the expected death claims, the expense, and the annual amount which must be reserved to meet the reserve requirements of the New York insurance law. Such statement when prepared should be submitted to a committee or committees of representative teachers and of representatives of some recognized organization of actuaries, such as for example the Actuarial Society of America.

Then and only then will it be possible, we believe, to form an intelligent judgment as to the

probable financial success of the plan and as to the real service which it is capable of rendering to the teaching profession. In order that adequate opportunity may be had for such study of the problem and the formation of such judgment, we are of the opinion that a period of at least one year is necessary, and we respectfully suggest that formal action with respect to this or any other plan of insurance and annuities for college teachers should be postponed at least one year from the date of the meeting of the trustees of the foundation to be held on the 15th of November, 1916.

It also seems to the committee desirable, and it therefore requests, that opportunity be given to representatives of the American Association of University Professors to be present and to be heard at that meeting of the trustees. And in view of the importance of the subject and its far-reaching consequences to all university teachers in America, we venture to express the hope that no plan of insurance or annuities for university teachers will be adopted by the foundation without further consultation with the association.

We believe also that the consideration of this and other problems affecting the interests of university teachers would be facilitated and greater cooperation insured if the policy were adopted of electing university teachers to the Board of Trustees of the Carnegie Foundation from time to time as opportunity presents.

We think that a consideration of the details of the proposed plan at this time is of minor importance. Nevertheless it is desirable that we should direct attention to some of the numerous criticisms of it which appear to us to raise questions which, so far as can be gathered from President Pritchett's report, have not received adequate consideration. With respect to a number of these the committee expresses no opinion, for it has had neither the time nor the resources to enable it to make any thorough investigation of them. But if sufficient opportunity is afforded for the study of the details of the proposed plan of insurance and annuities, as we have already suggested, then we believe these criticisms should receive careful consideration. Among them may be mentioned the following:

(*a*) The proposed plan for insurance and annuities does not provide with sufficient definiteness for a plan of mutual participation, whereby the participants in the plan shall share in its management and in the accumulated surplus.

(*b*) The proposed disability benefit limits the payment of the benefit to professors who have been in service 15 years or more. In our opinion disability ought to be defined as disability from carrying on university service for any time during the period of service, and adequate provision made to insure against disability as thus defined. The consequences of the teacher's disability are usually much more serious during

the earlier years of the period of service than in the later years.

(*c*) The difficulties of establishing a plan of insurance which would be compulsory for all participants have not received sufficient consideration. We are of the opinion that the compulsory feature of the plan is open to serious objection, and that it is doubtful whether it can be carried into practical operation. Among the objections which may be briefly enumerated are—that it restricts unduly the freedom of the individual teacher; that state universities and colleges would find themselves legally incompetent to contribute to a scheme for the benefit of teachers, and that an attempt to render them competent to do so through process of legislation would involve the entire vexed question of insurance for state employees; that the tendency would be to take from the teacher's salary the share contributed by the college toward his insurance by deferring increases of salary; that teachers already carrying commercial insurance would be unwilling to give up such insurance; or to continue it with the added burden of compulsory insurance; and that many of those who have heretofore not taken commercial insurance would probably have valid reasons for declining to participate.

(*d*) The plan does not sufficiently disclose whether participants in it are to be subjected to a medical examination, and, if such examina-

tions are to be made, it does not make adequate provision for those who are sub-standard risks. If no medical examination is to be required, it does not appear whether there are sufficient data available on which to base an estimate of the cost of this class of group insurance for long periods. In the absence of such data the acceptance of such risks would imperil the success of the plan.

(*e*) It has been urged by some that a plan for insurance of teachers could be devised and carried into effect with established insurance companies, eliminating agents' commissions, at a cost not substantially greater than the cost of insurance under the plan proposed, but with the added benefit of the experience, stability and established organization of the better commercial insurance companies. Without expressing any final opinion upon this contention, we may say that it is not clear from President Pritchett's report what saving in cost of insurance is effected over the cost of insurance on a similar plan which might be effected with the commercial companies. Such information as we have been able to gather indicates that the difference in cost would be very slight, and that by carrying into effect the proposed plan the Carnegie Foundation would substitute for its former activities a venture into a field new to it, not free from business hazards, but long and successfully occupied by others, without any definite expectation of substantial financial advantage.

(*f*) The proposed plan does not make clear that there is any definite separation of the insurance from the annuity plan, and is in any case too rigid, and does not offer sufficient variety of types of insurance to be adaptable to the needs of university professors.

(*g*) Adequate consideration has not been given to the possibility of combining with the proposed savings fund a provision for decreasing term insurance so that as the savings fund increases the amount of insurance may decrease with consequent saving of its cost.

(*h*) No definite provision is made for the payment of dividends or other disposition of surplus accumulation under the proposed plan.

(*i*) Sufficient consideration has not been given to the position of one who withdraws from the teaching profession and wishes to continue his insurance upon a proper basis.

(*j*) No consideration has apparently been given to the relative age of professors and their wives and to its effect on the cost of the annuity.[3]

(*k*) No provision is made for enabling those who already have insurance to avail themselves advantageously of the benefits of the proposed plan.

The unfortunate financial history of the foun-

[3] This objection has apparently been met in the nonconfidential copy of President Pritchett's report which, however, was not in the hands of the committee at the time of preparing this report.

dation, the suggested change in its fundamental purpose under the guise of a change of rules relating to its administration, the defects and omissions in the proposed Comprehensive Plan of Insurance and the unconvincing character of the reasons which are urged for the change, have resulted in a loss of confidence in the foundation on the part of American university teachers. No man enjoying a wide acquaintance with members of the profession can have any doubt of this fact. If evidence of it were needed, it may be found in the reports of various committees of university faculties, appointed to consider the Comprehensive Plan of Insurance and Annuities, such as, for example, the reports of Cornell, Harvard, Princeton, Stanford University, the University of Wisconsin and Johns Hopkins University. Such lack of confidence must inevitably impair the usefulness of the foundation, and make it difficult, if not impossible, to solve satisfactorily the problems which are pressing for solution. We deem it of the highest importance that every effort should be made on the part of those interested in the promotion of the purposes of the foundation to repair that loss. For the full realization of this end four things seem to us chiefly requisite. The first is the publication by the foundation of a definite assurance that it will completely fulfil any expectations held out to teachers in the associated institutions by the present rules. The second is a strict ad-

herence to the fundamental principles and purposes indicated by Mr. Carnegie in his letter of gift and repeatedly enunciated in the early public declarations of the foundation, on the basis of which the existing system was established. The third is the encouragement of a more active and direct participation of the teaching profession in the management of the foundation and in the consideration of questions which gravely affect the future of the profession and of the American universities and colleges. Finally it seems to us essential, if the foundation is to enjoy the confidence of the academic profession and attain its highest usefulness, that it should be recognized that for it, even more than for other institutions, definiteness and steadiness of purpose and stability of policy are indispensable. It is our earnest hope that the future work of the foundation with its potency for notable service to American education may be firmly based upon these principles.

The committee:

Thomas S. Adams, Yale University.
Francis H. Bohlen,
University of Pennsylvania.
Walter W. Cook, Yale University.
F. S. Deibler, Northwestern University.
Frank H. Dixon, Dartmouth College.
Thomas C. Esty, Amherst College.
W. F. Gephart, Washington University.
John H. Gray, University of Minnesota.

Henry B. Gardner, Brown University.
M. W. Haskell, University of California.
Otto Heller, Washington University.
Jacob H. Hollander,
Johns Hopkins University.
S. S. Huebner, University of Pennsylvania.
Joseph Jastrow, University of Wisconsin.
E. W. Kemmerer, Princeton University.
Alfred C. Lane, Tufts College.
Arthur O. Lovejoy,
Johns Hopkins University.
H. A. Millis, University of Chicago.
Carl C. Plehn, University of California.
H. L. Rietz, University of Illinois.
Ashley H. Thorndike, Columbia University.
Henry S. White, Vassar College.
W. F. Willcox, Cornell University.
Harlan F. Stone, *Chairman,*
Columbia University.

SECOND REPORT OF THE COMMITTEE ON PENSIONS AND INSURANCE OF THE AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS[1]

In the report of this committee, submitted at the annual meeting of the Association in Chicago on December 28, 1917, the committee discussed at length the plans of insurance prepared by the joint commission appointed at the request of the Carnegie Foundation to consider the various suggestions for a plan of insurance for college teachers, and at the conclusion of the report the committee formulated its views and recommendations as follows:

1. We believe that the plan of insurance as proposed by the commission, if actuarially sound, is well adapted in its general features to meet the needs of teachers in American universities and colleges, although we believe experience will indicate that the plan should be modified in some particulars.
2. We recommend that this association do not appoint representatives to participate in the organization of the proposed insurance company until there is substantial compliance with the conditions hereinafter enumerated.
3. We recommend that the American Association of University Professors express its approval of the plan

[1] Printed in *School and Society,* March 8, 1919. This report was presented, and unanimously approved, at the annual meeting of the association, held at Baltimore on Saturday, December 28, 1918.

and cooperate in launching it, when the following conditions have been satisfied:

(*a*) That before taking any steps toward the organization of the proposed insurance company and before the diversion of any funds available to the Carnegie Foundation, to the purposes of the proposed insurance company, the present obligations of the foundation, both legal and moral, be examined and determined, so far as is practicable, with precision and definite and binding assurances be given by the Carnegie Foundation or some other responsible body that provision will be made for meeting those obligations to the extent of the financial resources of the Carnegie Foundation and of any funds available to it.

(*b*) That the proposed plan of insurance together with a comprehensive statement of its prospective operation be submitted to an independent body of actuaries for study, and its criticism and suggestions invited.

(*c*) That the proposed plan of insurance be so modified that in the organization of the proposed insurance company suitable provision be made whereby within a reasonable time, if not immediately, the power to elect the company's trustees or directors shall be vested in the policy-holders, in proportion to their contribution to the financial resources of the insurance company, and that they shall have authority to vote in person, or by proxy, at all meetings for the election of directors.

The committee reserves the privilege of bringing to the attention of the association other matters germane to this subject or supplementing the foregoing recommendations when such action seems desirable.

These recommendations were approved by vote of the association and it was further voted "that when in the judgment of the Committee P, concurred in by the Executive Committee, the plans of insurance of the Carnegie Foundation conform to the spirit of the recommendations in this report, the Executive Committee be

authorized to take such steps as may be necessary for cooperation in carrying out these plans.''

During the past year this committee has carried on an extensive correspondence with its own members and with members of the teaching profession, and it has sought through personal interviews and correspondence with President Pritchett of the Carnegie Foundation to communicate to the foundation in detail, the views of the committee which have been summarized in previous reports, and it has endeavored to secure some real cooperation between the foundation and this committee in formulating plans for the protection of the interests of those entitled to the benefit of the existing pension plan and for the establishment of the proposed scheme of insurance, which would meet the expressed views of the association and which would commend themselves generally to members of the teaching profession.

The committee presents its report in two parts relating, respectively, to the plans for the future of the existing pension plan, and to the new plan for teachers' insurance and annuities. In each case, it first records the recent action of the foundation and its dealings with the committee, and then appends the committee's comments and recommendations:

1. FUTURE OF EXISTING PENSION SYSTEM

A. RECORD OF ACTION TAKEN

In April, 1918, the trustees of the foundation adopted and made public a statement in which was announced the future policy of the foundation with respect to administering the existing pension scheme. This statement (copies of which may be procured from the Carnegie Foundation) so far as now relevant, may briefly be summarized as follows:

(*a*) It announced the accumulation of a reserve fund for the liquidation of pension obligations, to be paid into the treasury of the foundation by the Carnegie Corporation. This fund is to be made up of five million dollars, to be paid into the treasury of the foundation as of January 1, 1918, and further additions thereto which are to be made at the rate of $600,000 annually for a period of ten years, making a total reserve to be paid by the corporation aggregating eleven million dollars without including accumulations of interest on the capital of the reserve fund.

(*b*) It was announced that pensions would not be paid to teachers appointed to positions in associated institutions after November 17, 1915. A resolution to this effect was adopted by the trustees of the foundation on May 18, 1917.

(*c*) It was announced that the plan of retirement with maximum pension allowances at age 65 would be continued until June 30, 1923.

After that date the age of retirement with the maximum allowance will be advanced until June 30, 1928, after which date the maximum age of retirement with the maximum allowance will be seventy years. The increase of age of retirement was indicated as follows:

Between July 1, 1923, and June 30, 1925, maximum allowance at 66.

Between July 1, 1925, and June 30, 1926, maximum allowance at 67.

Between July 1, 1926, and June 30, 1927, maximum allowance at 68.

Between July 1, 1927, and June 30, 1928, maximum allowance at 69.

It was also announced that as an alternative the teacher is to be given the option of retiring on reaching age sixty-five, with a diminishing pension allowance, the actual allowance being the maximum allowance diminished at the rate of one fifteenth for each year by which the age at which the maximum allowance is available is anticipated.

For those reaching age sixty-five after June 30, 1923, who are unmarried the allowance is to be reduced to 66⅔ per cent. (to 85 per cent. if the salary is $1,800 or less).

The reason given for these sweeping reductions of the benefits of the existing pension system was that actuarial computations prepared for the foundation indicate that the resources of the foundation, including the reserve fund cre-

ated through the generosity of the Carnegie Corporation already referred to, will not be sufficient to maintain the pension plan on the present basis for those who are appointed to associated institutions before November 17, 1915, without a substantial diminution in the rate of expenditure.

2. The following resolutions were adopted by this committee at a meeting held June 17, 1918, in New York City, and were thereafter transmitted to the trustees of the Carnegie Foundation:

Voted, that: the plan embodied in President Pritchett's public statement of April, 1918, and subsequently adopted by the trustees of the Carnegie Foundation without previous consultation with this committee or any other representative body of university teachers, does not conform to the spirit of the recommendations contained in the second report of this committee of January, 1918. We therefore offer the following suggestions for the amendment of the plan:

(*a*) That, in view of the repeated declarations of the trustees, it is manifestly implied that the entire eleven million dollars recently granted by the corporation, together with its increment and with the interest on the original capital of the foundation, is to be devoted exclusively to the payment of pensions, with a view to realizing, as nearly as these resources permit, the reasonable expectations of teachers in accepted institutions, upon the basis of the rules in force on November 17, 1915. The committee accordingly requests the trustees of the foundation to publish a formal declaration to this effect.

(*b*) That, inasmuch as it is clearly impossible at the

present time to determine with even approximate precision what scale of pensions these resources will permit the foundation to pay, the committee protests against the adoption at this time of any permanent scale, and especially against that proposed in President Pritchett's communication of April, 1918, which there is reason to believe to be less liberal than the above mentioned resources will make possible. The scheme of pensions set forth in that communication should, however, be made public as an indication of the minimum benefits which younger teachers in the accepted institutions may, in the least favorable circumstances, expect. It is also desirable that the actuarial computations and the data on which they are based be made accessible to representatives of the teaching profession.

(*c*) That, in view of the special hardship of sudden changes in the rules affecting men near the age of retirement, the provision relating to men between 60 and 65, in President Pritchett's statement of April, 1918, should be observed by the foundation.

(*d*) That, at the end of five years from the present date, the foundation should in the light of its experience up to that time, and upon the basis of further actuarial studies, take up with a committee of this association the question of the framing of new rules, in accordance with the principle mentioned under (*a*), should at that time determine what pensions, approximating as nearly as possible to the 1915 rules, its resources will enable it to pay. Decision as to the least objectionable modifications of those rules should be reached only after consultation with representatives of the university teaching profession, *i. e.*, with a committee of this association and possibly with other bodies.

(*e*) That, any new scale of pensions, to be adopted in 1923, as provided in the preceding paragraph, shall not apply detrimentally to teachers who, on June 30, 1923, are between the ages of 60 and 65.

(*f*) That, the retroactive provision, whereby teachers entering the service of accepted institutions between November 17, 1915, and the date of the actual annulment of the old rule by the foundation are excluded from the benefits of the existing pension system, is not in accord with the declaration of the trustees "that whatever plan is finally adopted will be devised with scrupulous regard to the privileges and expectations which have been created under existing rules," and should be repealed.

It was further voted, "that the foundation be requested to encourage the governing bodies of the several associated institutions to adopt a plan whereby the younger teachers now entitled to the benefits of the existing pension plan be enabled to retire at sixty-five rather than at seventy."

3. At the annual meeting of the board of trustees of the Carnegie Foundation, November, 1918, the following minute was adopted, and was on November 21, transmitted to this Committee.

The board of trustees acknowledges the receipt of the suggestions and recommendations contained in the resolutions adopted by the Committee on Pensions and Insurance of the American Association of University Professors at its meeting of June 17, 1918. The trustees of the foundation have sought to comply as fully with the suggestions of the committee as the fixed amount now available for these retiring allowances will enable them to do. In response to these resolutions the trustees authorize the following additional statements which would seem to make clear the purposes of the trustees:

(*a*) The reserve created by the aid of the Carnegie Corporation and the subsequent additions to it and all interest accumulations thereon can be used under the arrangement with the Carnegie Corporation only for the

payment of the retiring allowances to teachers in the associated colleges and universities.

(*b*) The adjustment explained in the statement to teachers of the associated Institutions in the circular of the foundation dated April 22, 1918, stated that the scale adopted was based upon exhaustive actuarial examinations, but that the experience of the future might show a situation that would make possible a more liberal scale than that based upon these actuarial computations. In the event that such a reduction in the expected load is realized it is the intention of the trustees to make as liberal provision for the payment of pensions as the funds will permit.

(*c*) The income of the endowment of the foundation is now being expended in accordance with the directions of the founder "to provide retiring pensions for the teachers of universities, colleges and technical schools in our country, Canada and Newfoundland under such conditions as you (the trustees) may adopt from time to time." But it was further provided by the founder that "by a two third vote they (the trustees) may from time to time apply the revenue in a different manner and for a different though similar purpose to that specified, should coming days bring such changes as to render this necessary in their judgment to produce the best results possible for the teachers and for education." It is, of course, not possible for trustees to bind their successors with respect to either of these conditions. It is understood that the expense of educational studies is met from a special endowment not available for pensions.

(*d*) The actuarial computations upon which the action of the trustees has been based are at the disposition of the committee for any examination they may desire to make.

B. COMMENTS OF THE COMMITTEE

The net result of these negotiations, and of the eventual action of the foundation with respect

to the existing pension system, may be briefly summarized as follows:

(*a*) Through the generosity of the Carnegie Corporation eleven million dollars has been added to the funds of the foundation for the purpose of enabling it to fulfil, to a greater extent than its previous resources made possible, the expectations of retiring allowances justified by the published rules and announcements of the foundation.

(*b*) Certain additional assurances have been given that this fund will be used for the payment of pensions. It is to be observed, however, that the above-noted resolution (*a*) of the trustees of the foundation, to the effect that the reserve created by the corporation's gift "can be used under the arrangement with the corporation only for the payment of retiring allowances to teachers in the associated colleges and universities," is in express conflict with the terms of the agreement between the corporation and the foundation. As published in "A Statement to the Teachers in the Associated Colleges and Universities" (April 5, 1918), that agreement provides (p. 7) that if "the reserve should prove greater than is demanded for this purpose (the payment of pensions), the remainder shall be added to the permanent endowment of the foundation to be used for its corporate purposes." It was to insure the use of the entire reserve fund for the payment of retiring allowances instead of the

ultimate addition of a substantial portion of it to the endowment of the Carnegie Foundation that the committee urged the trustees to adopt a definite program for revision of the scale of retiring allowances at the expiration of a fixed period and in the light of actual experience, a suggestion which for reasons not disclosed the trustees have declined to accept.

It is further to be observed that, even by the terms of the resolution of November, 1918, there is assurance that the funds of the foundation will be used for the payment of pensions only so long as the present agreement between the foundation and the corporation remains unmodified. That agreement, however, can apparently be modified at any time by the consent of the two boards, which consist in great part of the same persons.

In their formal statement the trustees give no assurance that the income from the endowment of the foundation will be used for the payment of pensions; and the published rules can be varied or abandoned, at any time without the violation of any legal obligation, or of any moral obligation differing in nature from those which the foundation has, in several previous instances, indicated that it does not regard as binding.

(*c*) In disregard both of the vote unanimously adopted by the joint commission (of which the president of the foundation and five of its trustees were members), and published in its report

of April 27, 1917 (p. 8), in disregard also of the above-cited resolutions of this committee, the board of trustees has declined to modify its action whereby teachers entering the service of the accepted institutions since November, 1915, will be deprived of pensions to which they were entitled under rules not abrogated until 1917. There is no reason to doubt that a number of teachers have been influenced to retain positions in, or accept calls to, these institutions, during this period, by the expectation that they would receive the pensions specified by the rules then apparently in force. The committee, therefore, is compelled (especially in view of the foundation's now increased resources) to take the view that the foundation has disregarded the formally announced declaration of its trustees "that whatever plan is finally adopted will be devised with scrupulous regard to the privileges and expectations which have been created under existing rules."

II. NEW PLAN FOR TEACHERS' ANNUITIES AND INSURANCE

A. RECORD OF ACTION TAKEN

1. The plan of insurance referred to in our last report, with some modifications and additional details, has been submitted by President Pritchett to a committee of the Actuarial Society of America and to a committee of the American

Institute of Actuaries for their criticisms and suggestions. Both committees have reported in substance that the plan as submitted is safe and practicable if capably managed. Apparently, however, no definite plan for the selection of risks was submitted to either of these committees, and the reports of both committees urge conservatism in the selection of risks by certification. Both recommend changes in the form of policy and both comment at length on the fact that the policies provide for a flat premium rate without the usual rebate or "dividend" to policy-holders which is offered in participating policies. Taken together the two reports indicate no adequate reason for not issuing the usual form of participating policy sold by other insurance companies organized or doing business under the laws of New York. (Copies of these reports may be obtained from the Carnegie Foundation.)

2. An insurance company has been incorporated under the laws of the State of New York, under the name, "Teachers' Insurance and Annuity Association of America." It is announced that the company is to begin business with a capital of one million dollars paid into the Insurance Company by the Carnegie Corporation (not the Carnegie Foundation, as originally proposed) which owns and holds the entire capital stock of five hundred thousand dollars. The trustees of the Carnegie Corporation have

adopted the following resolution with respect to the control of the insurance company:

Voted, That it is the intention of the Carnegie Corporation whenever a group of policy-holders has been secured sufficiently large to be representative of the college and university teachers of the United States and Canada, in conference with the interested parties to provide machinery by which the policy-holders, through representatives selected by them, shall participate in the election of the trustees who manage the association.

As at present constituted, however, the insurance and annuity association is controlled by a board of sixteen trustees chosen by the Carnegie Corporation as provided by the by-laws of the insurance association. Six trustees constitute a quorum for the transaction of business. Its president is Henry S. Pritchett, who is also president of the Carnegie Foundation; its secretary is the secretary of the foundation; the treasurer is the treasurer of the foundation; and the chairman of the board is a member of the foundation's board of trustees. Of the trustees of the insurance company, eight are or recently have been trustees or employees of the Carnegie Foundation; the same is true of four of the six members of the executive committee. Three members of this committee constitute a quorum and the committee is given all the powers, of the board of directors, in the intervals between the meetings of the board. There are two professorial representatives on the board of trustees: Professor

Michael M. McKenzie, of the University of Toronto, and Dean F. W. Nicholson, of Wesleyan University, formerly a trustee of the foundation. There are no professorial representatives on either the executive committee or the finance committee.

It should be added that two members of your committee were, as individuals, offered appointments to the board of trustees of the insurance company by President Pritchett, who at that time proposed to have three teachers elected to the board of trustees. It seemed clear to both members that they could not with propriety accept such appointment, while the question of approving the new corporation's plan was pending before the committee, and before the committee's report had been submitted to the association. The committee was given no information with respect to the personnel of the officers and trustees of the insurance company or of the provision of the charter and by-laws until the company was organized, its trustees and officers selected and the details of the organization publicly announced.

There has lately been published by the Teachers' Annuity and Insurance Corporation of America a Handbook of Life Insurance and Annuity Policies for Teachers, which is a brief prospectus of the newly formed insurance company, giving details of the policies which it proposes to write and stating the premium rate. This

booklet either has been, or will shortly be, distributed to college and university teachers. It is therefore unnecessary to summarize its contents in this report.

B. COMMENTS AND RECOMMENDATIONS OF THE COMMITTEE WITH RESPECT TO THE PLAN OF INSURANCE AND ANNUITIES

1. *Control of the Company*

Neither the plan for control of the insurance company unanimously recommended by the joint commission, nor a definite plan for the eventual mutualization of the company, proposed by this committee, has been adopted. The corporation, in the resolution above cited declares only its intention, at some future time not specified, to "provide machinery whereby the policy holders through representatives selected by them shall participate in the election of the trustees." A literal fulfillment of this intention would be compatible with a wholly negligible representation of the policy-holders or the teaching profession on the board of trustees or in the processes by which the trustees are to be elected. Meanwhile, the company is left in a control which, for all practical purposes, is identical with that of the Carnegie Foundation. We deem it unnecessary to repeat at length those portions of our last report[2] in which we direct attention to the menace to educational freedom in the United

[2] *School and Society,* December 2, 1916.

States of uniting in the Carnegie Foundation the function of critic and mentor of our educational institutions with that of distributing financial benefits to such institutions and of controlling the savings of their teachers. We did not in fact at that time contemplate that the insurance company was to be brought immediately under the control of the foundation. We only pointed out that "the exigencies of death and retirement of the members of a self-perpetuating board of trustees might in a comparatively short time place the absolute control of the company in the hands of a board and of executive officers who were also members of the governing board of the foundation or are virtually selected by that body. Such an outcome would, in this committee's opinion, be sure to create dissatisfaction and antagonism on the part of the policy-holders and would be prejudicial to the success of the undertaking." What we contemplated as only a possible eventuality turns out to be the basis of the organization of the insurance company as it is to begin business.

2. *Rates of Premium*

On account of the late date of issue of the Handbook of the Teachers' Insurance and Annuity Association, the committee has not been able to make an exhaustive examination of all the types of policies therein offered, or to attempt a complete comparison of the rates with

those charged for similar policies by existing companies. So far, however, as the committee has been able to make such comparisons, it does not find that, taken at their face-value, the non-participating policies offered by the insurance and annuity association are, in point of cost, more advantageous to college or university teachers, than are those offered by a number of well-managed participating companies, when allowance is made for the "dividends" paid by the latter. An actuary of one of the largest insurance companies states, in reply to an inquiry of the chairman of the committee:

> So far as concerns participating policies, I have made a comparison on the ordinary life plan at three ages, 25, 35 and 45, with a company which pays as large dividends as any other American company. The difference between the gross premium charged by that company, less the dividend paid for a period of ten years, shows a resulting cost slightly in excess of the rates charged by the teachers' association. If the policy were terminated at any time within ten years, it would be more advantageous to have carried insurance with the teachers' association, but less advantageous after that time because of the increase in dividends under the participating policy.

A similar estimate has been made by President Pritchett in a communication to the chairman of this committee. If a policy issued by the teachers' association be compared with a similar policy issued by a certain well-known company, the premium in the latter, Mr. Pritchett observes, "will be much higher." "If however," he

adds, "you carry the ——— company mutual rates into the future and assume that earnings on the company's investments are going to be on the same level as of recent years, you will find that at the end of about ten years the net cost of the ——— company policy rate thus obtained will come down to the level of the corresponding rate published in the handbook. In time it may fall below the rate there quoted." President Pritchett, however, offers reasons, which seem to the committee unconvincing, for doubting whether the company he names, or other participating companies, will continue to obtain the present rate of interest on their investments.

Other computations made for the committee confirm the conclusion that, except for very short term policies, college and university teachers can probably do as well by taking insurance in any one of several existing companies as by purchasing the policies of the new association at the rates now announced and with the benefits thus far promised, if there is no distribution of surplus among policy-holders. It should be added that the new company offers, in addition to the more usual policies, some desirable forms of annuity and insurance not at present written by most of the older companies which President Pritchett believes will be desired by university teachers. The committee believes, however, that the latter companies would readily write similar policies at approximately the same net cost to

the purchaser, if requested to do so by any considerable number of university teachers.

The explanation offered by President Pritchett in his 12th Annual Report (1917), for the unwillingness of the Teachers' Insurance and Annuity Association to offer participating insurance, as most companies at present do, is the statement that, under the laws of the state of New York, "dividends" of participating companies are required to be distributed annually and that the annual dividends of the new company would for a time be so small as to be less than the cost of postage. This explanation seems to the committee so inconsequential as to require no discussion.

3. Use of Surplus

It is true that, as President Pritchett has pointed out, the new company may be expected, since it pays no dividends, rapidly to accumulate a surplus, and that it is in a more favorable position for doing so than ordinary companies. In a letter to the chairman of this committee, Mr. Pritchett states that "under the provisions of the charter such accumulations must be used for the benefit of the policy-holders." The committee is, however, upon examination of the charter, unable to find in it such a provision. The only clause relevant to the matter is that which requires the corporation "to conduct its business without profit to the corporation or its

stockholders." There is in the by-laws a further provision that no officers or trustees shall be paid salaries in excess of $5,000 per annum, "unless such payment shall first be authorized by a vote of the board of trustees of the association," also that no pension shall be paid to any officer or trustee, or to any member of his family. There is in these provisions no assurance that the accumulations will be used wholly for paying dividends to policy-holders or for reducing their premiums. The charter, indeed, expressly provides that the corporation "shall transact business exclusively on the non-mutual basis and shall issue only non-participating policies." Policy-holders would have no legal standing to object to the amendment or repeal of the provision of the charter and by-laws referred to, either by action of the Carnegie Corporation, the sole stockholder, or by any purchaser or subsequent owner of the stock. There is nothing at the present time to prevent the board of trustees from employing at their discretion the surplus from the savings invested by college and university teachers in the company—within the limitations set by the above-cited clauses and by the laws of the state of New York relating to insurance companies.

The committee finds it pertinent at this point to recall a sentence from the report unanimously adopted by the joint commission in 1917: "The man of thirty who participates in a pension plan

under which he expects an annuity thirty-five or forty years in the future will take some risk of disappointment in accepting any arrangement less secure than a contractual one." This remark has, we believe, been more than once cited with approval by President Pritchett; and it indicates, in the committee's opinion, the primary rule which should guide the action of any teachers who may be considering dealing with the new company. The warning thus incorporated in the report of the joint commission gains force from any review of the history of the Carnegie Foundation. Those responsible for the management of Mr. Carnegie's benefaction have exercised very freely and frequently the liberty of changing their minds and of radically and abruptly altering the policy of the foundation. Since the new insurance company is under the same management, there is no reason to anticipate that its history will not be similar, so far as the insurance laws permit. The committee, therefore, is strongly of the opinion that any college or university teacher will take some risk of disappointment in accepting any assurance less secure than a contractual one for the employment of the accumulated surplus of the new company exclusively for the benefit of the policyholders through the payment of dividends or reduction of premiums. No such contractual guarantee is now offered by the Teachers' Insurance and Annuity Association; in fact, it is

forbidden by its charter to give such guarantee, and the contract actually offered by the association contains the provision: "This policy is issued on the non-participating plan. It is not entitled to participate in the surplus of the association."

Yet it is to be remembered that eventually the surplus, if any large number of teachers should take insurance in the company, will be derived chiefly from interest upon funds contributed by those teachers in the form of premiums, or by universities or colleges in their behalf.

If the new company, however, is prepared to give binding guarantees upon the point in question, the committee is unable to see why it should for a moment hesitate to amend its charter so as to require the company to write *only* participating policies; nor indeed, is the committee able to see why a charter permitting this should not have been obtained in the first place.

4. Selection of Risks

The committee finds the provisions thus far announced with respect to medical examination and selection of risks to be indefinite and unsatisfactory. President Pritchett states that "the policy of the association will be to make the medical examination a simple and reasonable one"; and he apparently implies that the requirements of the association in this respect will be less exacting than those of conservative companies of-

fering general insurance. The natural effect of this—taken in connection with the considerations already mentioned—will be that the policy-holders of the new company will consist largely of risks rejected by other companies, while the great majority of teachers who are good risks will, the committee anticipates, prefer to purchase their insurance from long-established participating companies of good reputation.

5. *Surrender Value of Annuity Policies*

So far as yet appears from the announcement of the insurance company, and from the form of annuity policy which it proposes to write, there is no indication that annuity policy-holders will at any time before reaching the age of sixty-five have the option of claiming the cash value of their policies instead of an annuity beginning at age sixty-five. This is in conflict with the express recommendation of the joint commission.

The teacher who on reaching age sixty-five is in failing health or afflicted with an incurable disease should not be compelled to invest his life's savings in an annuity.

6. *Disability and Convertibility Clauses*

The committee regrets that the sample forms of policies submitted contain a "disability" clause which does not in any way comply with the former recommendations of this committee,

in that it merely provides for a waiver of premiums in event of disability, but does not provide for any disability allowance, as do the disability clauses in policies offered by many insurance companies. We also regret that the term policies offered by the association do not contain any provision for conversion into higher premium contracts, as do the similar policies issued by most insurance companies.

7. Compulsory Participation in the Plan by Teachers

The Rules of the Carnegie Foundation for Admission of Institutions and for Granting Retiring Allowances (1918) provide that (p. 3), "After April 22, 1918, colleges and universities to be eligible to the associated list, must have accepted a participation in the contributory plan of old age annuities for their teachers as provided in the Teachers' Insurance and Annuity Association of America." At the date of drafting this report the committee has received no complete statement as to the terms on which this participation may be had.

For reasons stated in its first report[3] a majority of this committee does not favor any plan which involves compulsory purchase of insurance or annuities by teachers and the committee would regard any attempt by particular institutions, to designate the company in which teach-

[3] *School and Society,* December 2, 1916.

ers shall invest their savings, as an intolerable invasion of the private rights of the individual affected.

For the reasons above stated, and other less important ones which it would unduly lengthen this report to include, your committee is unable to recommend that this association express its approval of the plan of the Teachers' Insurance and Annuity Association, or that this association cooperate in promoting that plan. The committee is, for the same reason, unable to hold that members of this association would be acting either for their own interest or that of their profession in purchasing insurance or annuities in the new corporation, under its present rules and form of organization.

The committee further expresses the hope that all teachers will energetically oppose any attempt to use the power of university governing boards to prescribe to members of university faculties the manner in which they shall invest their own savings, whether in the form of insurance, the purchase of annuities, or in any other manner.

Finally, the committee recommends that this committee be discharged and that a new committee be constituted with authority on behalf of the association:

(*a*) To examine and report upon the actuarial data on the basis of which the foundation

adopted its revised schedule of pension allowances, as published in the foundation's statement of April 28, 1918, and to observe and report upon the administration of the existing pension system, and

(*b*) To examine any modified plans of the Teachers' Insurance and Annuity Association of America, if such should be offered, and to investigate the possibility of effecting suitable insurance for college teachers either through the cooperation of established insurance companies, or the organization of a mutual insurance company for college teachers, and to report the results of their investigation to this association.

The Committee:

Thomas S. Adams, Yale University,
Walter W. Cook, Yale University,
F. S. Diebler, Northwestern University,
Frank H. Dixon, Dartmouth College,
Thomas C. Esty, Amherst College,
W. F. Gephart, Washington University,
John H. Gray, Board of Appliance, 39 Whitehall St., New York City,
Henry B. Gardiner, Brown University,
M. W. Haskell, University of California,
Otto Heller, Washington University,
Jacob H. Hollander, The Johns Hopkins University,
S. S. Huebner, University of Pennsylvania,
Joseph Jastrow, University of Wisconsin,
E. W. Kemmerer, Princeton University,

Alfred C. Lane, Tufts College,[4]
Arthur O. Lovejoy, The Johns Hopkins University,
H. A. Millis, University of Chicago,
H. L. Rietz, Iowa University,[4]
Ashley H. Thorndike, Columbia University,
Henry S. White, Vassar College,
W. F. Willcox, Cornell University,
Harlan F. Stone, *Chairman*, Columbia University.

[4] Professor Lane and Professor Rietz are not prepared to condemn the general principle of compulsory insurance, provided it is stipulated for by the contract between the teacher and his college or university at the time of his appointment.

SUPPLEMENTARY STATEMENT CONCERNING THE PLAN OF COMPULSORY AND CONTRIBUTORY ANNUITIES PROPOSED BY THE CARNEGIE FOUNDATION[1]

CERTAIN information concerning the plan for compulsory annuities, referred to near the close of the report of Committee P, has come into the hands of the officers of the association and the chairman of the committee since the report was drafted. In view of the importance of the matter, and of the desirability of prompt communication of this information to members of the association, it has seemed best to the president of the association and the chairman of the committee to submit the following supplementary statement, for which the signers alone are responsible. A submission of the matter to the committee would have precluded immediate publication.

A circular of the Carnegie Foundation which bears the date of December 6, 1918, but which had not reached the chairman of the committee before the Baltimore meeting, states as follows the terms upon which colleges or universities may be admitted to participation in the new system of compulsory annuities for teachers referred to in the committee's report:

[1] Printed in *School and Society,* February 1, 1919.

1 (*a*) Each full-time professor, associate professor, assistant professor, or officer of equivalent rank in the service of associated institutions, who does not enjoy the privileges given under the non-contributory plan now in operation, shall contribute annually in monthly installments five per cent. of his salary toward an old age annuity contract in the Teachers Insurance and Annuity Association. In the case of institutions admitted hereafter to the associated list this requirement shall apply to all professors, associate professors, assistant professors and officers of equivalent rank admitted to the service of the institution after acceptance of participation in the contributory plan.

(*b*) Each associated institution shall pay a corresponding five per cent. in the case of any such contributing professor, associate professor, assistant professor or officer of equivalent rank, provided that the institution shall be under no obligation to begin its payments before the teacher begins his, or to make annual contributions in excess of those made by him.

(*c*) Each institution shall make a like contribution in the case of any teacher below the rank of assistant professor who has voluntarily accepted a participation in the contributory plan and who has had not less than three years of service as a teacher in a college, university or technical school.

2. The trustees of the Carnegie Foundation request that any institution now associated with the foundation which desires to be admitted to the new privileges of the foundation, including disability allowances, will announce its acceptance of the contributory system, and the specific plan upon which the institution itself will participate, to become effective not later than January 1, 1920.

The effect of these provisions would be to establish a system of compulsory annuity contributions by teachers in the institutions in

which the provisions are adopted. In such institutions every teacher of the rank of assistant professor or above will—whether or not he needs, desires or can afford to purchase an annuity in this amount—be required to pay five per cent. of his salary towards the cost of an annuity in the new insurance corporation. He will, however, receive a like amount from his institution towards the purchase of the annuity. Colleges or universities imposing this requirement upon their teachers, and making the specified contribution, will be listed as "associated institutions"; and to teachers in institutions on this list the foundation announces its "intention" (but "without any legal obligation") of granting the two following additional privileges:

(*a*) "The foundation will provide from its income, if necessary, such amounts as may be necessary to secure to teachers in associated colleges and universities an annual return of four and one half per cent. on the payments made by them to the Teachers Insurance and Annuity Association for the purchase of deferred annuities—said sums to be paid at the time of retirement or in case of death." (Policy holders not in associated institutions are guaranteed by the insurance company interest at the rate of four per cent. only.)

(*b*) The foundation also intends to grant to teachers in associated institutions disability allowances upon the following terms:

(*a*) Disability shall be interpreted to mean total permanent disability as certified by a medical examiner designated by the foundation.

(*b*) To be eligible to a disability allowance the teacher must have contributed for not less than five years toward an old age annuity and must have been during the period in active service.

(*c*) When retired on the ground of disability the teacher will assign his annuity policy to the foundation.

(*d*) The foundation will provide an annuity of two thirds the amount the teacher would have obtained if he had continued to age sixty-five average contributions equal to the average of the five years preceding his disability. The annuity payments will continue for life, or in case of death, until the accumulation to the credit of the teacher has been returned to his estate. Annuity allowances will be limited to a maximum of three thousand dollars, and are subject to discontinuance in case of the annuitant's recovery of health. In the case of such recovery the unexpended portion of the contributions made by and for the teacher, and their accumulations, shall remain to his credit.

Teachers in colleges or universities not upon the list of associated institutions may purchase insurance or annuities in the new company, but will not enjoy the two additional benefits above specified, which are offered by the foundation, not by the insurance company, and are not contractual.

The question thus arises whether it is to the interest of teachers, and of the institutions, that colleges and universities should accept the contributory plan, and impose upon their professors the requirement that they devote a portion of

their salaries to the purchase of deferred annuities in the new Teachers Insurance and Annuity Association. Upon this point the signers of this supplementary statement offer the following observations:

1. There is manifestly a strong presumption —for reasons indicated in the report of the committee—against action by college or university trustees which would have the effect of compelling all teachers of professorial rank, not merely to purchase annuities which they may neither need nor desire, but also to make this investment of their savings in a particular company designated by the trustees. There appears to us to be an equally manifest presumption against colleges offering a bonus to teachers in order to induce them to purchase insurance in a particular company. In our opinion, colleges or universities which are disposed to add five per cent. to the salaries of teachers on condition that the teachers devote this and a like sum from his present salary to the purchase of a deferred annuity, should leave the teacher free to select the company in which he will thus invest a portion of his compensation.

It may, however, be contended that the presumptions just mentioned are offset by the fact that the Carnegie Foundation offers institutions two specific inducements to require their teachers to purchase annuities in the Teachers Insurance and Annuity Corporation, and to make con-

tributions from their corporate funds towards the same purpose—the inducements, namely, of disability insurance, and the addition of one half of one per cent. to the interest on payments made towards the purchase of annuities in the new company. The question consequently resolves itself into this: Are these two benefits sufficient to annul the presumptions above mentioned, and to justify boards of trustees in entering into an agreement with the Carnegie Foundation for the establishment of the proposed contributory and compulsory system of professorial annuities? Upon this question the following considerations seem pertinent.

(*a*) The Carnegie Foundation does not contract, nor does it promise, to grant the two benefits specified to the teachers in institutions which may adopt the proposed plan. It carefully disclaims any contractual responsibility, and merely declares its "intention" of granting those benefits. Experience has shown, however, that in great part the intentions announced by the Carnegie Foundation remain unfulfilled. The foundation has, in the course of its history, offered to American colleges and universities, upon certain conditions, an extensive series of benefits for their teachers. In spite of the fulfillment of the conditions by many institutions, a number of the most important of these benefits have been withdrawn, and the rest have been greatly reduced in value. It appears to us,

therefore, that a declaration of intention by this corporation does not afford a substantial basis for any action by the governing board of a college or university.

(*b*) In any case, any sums taken out of the income of the foundation to provide disability insurance for teachers in institutions on the new "accepted list" or to increase the rate of interest on future annuity payments, must reduce by so much the sum available for fulfilling the "reasonable expectations" of teachers entitled to pensions under the old rules. Committee P has, as its report indicates, urged upon the trustees of the foundation that a "scrupulous regard" for the obligations of the foundation to these older teachers would require that those expectations—and especially such as were justified by the rules in force in 1915—should be as nearly fulfilled as the resources of the foundation may permit, though they can not in any event be fulfilled completely. The committee had understood the trustees to accept this principle and to declare their intention of acting upon it. Nevertheless, it is now announced that a part of the income of the foundation will be diverted to other uses. What should be clearly understood, both by teachers and boards of trustees, is that the resources which the foundation may employ to give the proposed new benefits to one set of teachers will be taken away from another set of teachers (usually in the same institutions), who

have in equity a prior claim—as the trustees of the foundation have formally recognized.

(*c*) The disability insurance offered by the foundation applies only in cases of "total permanent disability." Few teachers suffer total permanent disability, as this term is usually construed by the courts; but against lesser disabilities which yet might disqualify teachers for the practise of their vocation no insurance appears to be offered. One of the two benefits which the foundation now declares its intention of granting (to teachers in institutions which comply with its new requirements) thus appears to be of very limited value, even supposing that the intention should be realized. The other new benefit—which is equally non-contractual—namely, the offer of an additional one half per cent. interest on the accumulated sums paid by teachers and institutions towards teachers' annuities, brings the total rate of interest on these payments to less than can be obtained from government or municipal bonds—the purchase of which would be a much more advantageous means of accumulating the amount necessary for the eventual purchase of an annuity.

The proposed new arrangement, it should further be noted, has the effect of continuing the supervisory relation of the foundation to the American colleges and universities. For reasons which have been set forth in the reports of Committee P, we regard it as undesirable that this

relation should become permanently established. After the arrangement is entered into by any college, it will remain within the power of the foundation to amend or alter its rules of eligibility to the "list of associated institutions," and so to exercise pressure upon the policy of an institution, by threatening to remove the institution from the list.[2] The effect of the removal from that list of a college or university which failed to comply with the amended regulations, would apparently be to deprive teachers in that institution of any further claim to the benefits held out to them by the foundation at the time the institution was originally placed upon the list. It is, indeed, provided (though "non-contractually") that removal of a college from the associated list "shall not result in the discontinuance of retiring allowances already granted." There is no provision, however, precluding the discontinuance of benefits not yet actually granted, but only made the subject of a declaration of intention by the foundation. Such discontinuance, nevertheless, would mean the disappointment of definite expectations, which the governing board of the college would be jointly responsible with the foundation for having caused the teacher to form—expectations by

[2] See "Rules for the Admission of Institutions, 1918," page 3. It will also be remembered that the persons who manage the foundation will control the surplus accumulations of the new insurance company.

which his plans of life and mode of investment of his savings would have been influenced. A governing board, under these circumstances, would be subject to a material inducement to make such changes in its organization or methods as the foundation might dictate. It appears to us anomalous and dangerous that an irresponsible outside body should, by the voluntary action of college or university boards, be put in a position from which it can subsequently exercise this kind of material pressure upon the policies of those boards. The opinions of the Carnegie Foundation, or of its president, concerning educational questions should, in our judgment, rely upon their intrinsic merit for their influence upon the policies of our higher institutions; that influence should not be reenforced by an arrangement enabling the foundation by the threat of a sudden withdrawal of anticipated benefits, to involve in more or less serious embarrassment boards or administrative officers who decline to conform to its views.

It remains to ask whether the teacher will not substantially benefit by the provision that his college or university shall pay half the amount of his annuity premiums. Upon this two things are to be said. In the first place, it is questionable whether much advantage would in the long run accrue to the teacher from such an arrangement. President Pritchett has recently remarked that "a pension paid by an employer is

in its practical effect deferred pay, which only a minority ever receive. There is, indeed, no such thing as a free pension when it is involved in the relation which exists between employer and employee. It will inevitably be absorbed in wages.'' These remarks obviously apply to a contribution made by a college out of its corporate funds towards the purchase of an annuity for a professor. If the institution has the means of making such contribution, it has also the means of increasing salaries by a corresponding amount. In the opinion of many, it is much to be preferred that the sum should be paid in the form of salary, and not as an inducement to teachers to employ their own savings in the purchase of a specified type of provision for old age from a designated non-mutual and non-participating insurance company sustaining an anomalous and undesirable relation to our higher educational system. An increase of average salaries in the American colleges is inevitable in the near future, for obvious economic reasons—unless the quality of the profession is to be allowed gravely and rapidly to deteriorate. But it is probable that, as a rule, this future increase will simply be diminished by approximately the amount of the payment made by any institution towards the purchase of annuities.

In the second place, what is proposed by the Carnegie Foundation is that college and university teachers shall be compelled by the boards of

trustees of their institutions to purchase something which some teachers do not need, and which many others can not afford and should not buy. For it is required by the new plan that the joint payments of teachers and institutions shall be devoted to the purchase of deferred annuities. But most of the younger teachers should be employing their savings primarily, not for laying up provision for their own old age, but for the protection of their dependents. An assistant professor at the age of thirty, who is struggling to support a wife and children on $1,800 or $2,000 a year is usually in no position to buy *both* a future annuity for himself and adequate insurance for his family. It is a grave hardship to such a teacher to compel him to spend nearly ten per cent. of his annual compensation for an annuity payable thirty-five or forty years later, and—what would frequently result—to leave his dependents meanwhile without proper protection against the hazard of his death or prolonged illness. Most teachers would, and should, prefer to meet first the more immediate and imperative duty, and to leave provision for their age until the later years of their service, when their salaries will be larger and their children no longer dependent.

We conclude, therefore, that there is no good reason why an institution's contribution towards annuities for its teachers—if it desires to make such contribution—should be accompanied by

the requirement that the annuities shall be bought of the new insurance and annuity association. It is desirable that large institutions should establish their own pension systems, contributory or other. Institutions which are not able to do this will, in our opinion, serve neither their interest nor that of the teacher by making their contemplated additions to the teachers' present or deferred compensation contingent upon his willingness to invest approximately ten per cent. of his total salary in a policy of the recently established company. Still less will they do so by making such investment compulsory.

It is, in any case, manifest that no institution should adopt a plan of this kind without full consultation with its faculty. A faculty should, in our opinion, decline as a body to participate in the plan, unless it shall, after full examination and discussion by all the teachers affected, have been approved by a substantial majority.

ARTHUR O. LOVEJOY,
President of the Association
HARLAN F. STONE,
Chairman of the Committee on Pensions and Insurance